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## Michigan Pari-Mutuel Horseracing - 75 Years of History

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### 1930's

- On June 28, 1933 Governor William A. Comstock signs the law legalizing horse racing with wagering.
- On September 2, 1933 the Governor and over 20,000 racing fans are at opening day at the Detroit Fair Grounds track located at the State Fairgrounds.
- "Mayco" wins the first race and pari-mutuel horse racing in Michigan is made 'Official' when the 10-1 longshot pays \$22 to winning ticket holders.
- At the close of the 31 day meet in 1933 over 100,000 fans had bet more than \$3.5 million on the Thoroughbred races at the Detroit Fair Grounds.
- Through the 1930's the Detroit Fair Grounds track was the 'only show in town' when it came to holding extended race meetings.
- The great Seabiscuit turned his career around at the Detroit Fair Grounds, with a new owner, trainer and jockey he won 2 Detroit handicaps. He went on to beat War Admiral in a two-horse match race, called by many "the greatest race ever" and then became a national hero.

### 1940's

- Three new tracks and the start of pari-mutuel Harness racing.
- Northville Downs opens in September 1944 as the first Michigan track, and one of the first tracks in the U.S., to present night Harness racing.
- Jackson Harness Raceway opens in 1948 and in 1949 presents the first extended night Harness racing outside the Detroit area.
- Hazel Park Race Track opens in 1949 as the first 5/8th mile Thoroughbred track in the U.S.
- Racing ends at the Detroit Fair Grounds track after the 1949 Thoroughbred season and the operators pledge to build a new track in the Detroit area.
- The Michigan Mile, which would become Michigan's premier Thoroughbred race, had a quiet debut in 1949 at the Detroit Fair Grounds track.

### 1950's

- The Detroit Race Course (DRC) opens in 1950 and Livonia Township becomes the city of Livonia to qualify for revenue from the new track.
- Also in 1950, the DRC becomes Michigan's first track to hold extended race meets for two racing breeds; Thoroughbred-60 days and Harness-39 nights.
- Hazel Park began running two breeds in 1953, with a new 33 night Harness meet added to its 57 days of Thoroughbred racing.
- A new Racing Law of 1959 replaced the original 1933 Racing Act.
- The new law limited the Detroit area to the three tracks that operated in Northville, Hazel Park and Livonia. This limit would remain until 1995.

### 1960's

- The pari-mutuel horse racing industry had grown steadily since 1933 and by the end of the 1960's there were:
  - four tracks compared to one - up 300%
  - 415 racing days compared to 31 - up 1,240%
  - 3 million in yearly attendance compared to 101 thousand - up 2,900%
  - \$260 million wagered yearly compared to \$3.5 million - up 7,300%
  - \$20 million in State revenue compared to \$123 thousand - up 16,000%

- According to an annual national poll of attendance at different sporting events horse racing remained the No. 1 spectator sport in the country.
- Michigan-bred Thoroughbred Bass Clef finished 3rd in the 1961 Kentucky Derby, the best finish ever by a Michigan-bred horse in that classic.

### 1970's

- Total attendance of over 3.9 million fans for 1971 sets the record for Michigan horse racing, with 60 more Thoroughbred dates and 78 more Harness dates.
- May 1972 voters allow a state lottery which started sales in November and pari-mutuel horse racing lost its monopoly on legal wagering held since 1933.
- Bea Farber wins the 1973 Northville Downs driving title becoming the first woman to accomplish that at any Michigan track.
- Sunday racing is authorized in 1974.
- Glendale Downs, near Hillsdale, opens in 1977, after Quarter Horse wagering is legalized in 1976. It's the first new pari-mutuel track to be licensed since 1950.
- Jockey Steve Cauthen rode at Hazel Park on Sunday, July 10, 1977, drew over 18,000 fans and caused the only \$2 million betting day in the track's history.

### 1980's

- Saginaw Valley Downs opens June 16, 1980 and becomes the first new Harness track to open since 1950.
- The Racing Law of 1980 is signed by Governor William G. Milliken on December 12 1980, with immediate effect, tracks make changes that day.
- The first Governor's Conference on the Michigan Horse Industry is held June of 1982. The industry is recognized as an important part of agriculture.
- The 50th Anniversary of Michigan pari-mutuel racing is celebrated on September 10, 1983 and Horse of the Year awards are established.
- The Detroit Race Course is sold to the Ladbroke of England and in 1985 becomes an all Thoroughbred track and Hazel Park becomes all Harness.
- Mount Pleasant Meadows track opens for mixed breed racing in June 1985, after Glendale Downs cannot open to use its 1985 dates.
- Sports Creek Raceway, near Flint, is granted a track license and opens for all Harness racing in November 1986, as the first new track built since 1950.
- Ladbroke DRC holds the state's first simulcast of the 1987 Kentucky Derby and racing fans can legally wager on the race while at the Michigan track.
- Muskegon Race Course opened in May 1989 for an all Harness racing meet, this made Michigan unique in U.S. racing with two tracks built within 3 years.

### 1990's

- Julie Krone, a Michigan native who rode at the county fairs, becomes the first woman jockey to ride and win one of the Triple Crown Races, 93's Belmont.
- The Racing Law of 1995 is passed and signed by Governor Engler, re-titling the law and authorizing full-card simulcasting for Michigan tracks.
- The first full-card simulcast occurs on January 30, 1996 at Ladbroke DRC and all Michigan tracks are offering full-card simulcasting by the summer of 1996.
- Total wagering for 1996 increases 50% over 1995 due to full-card simulcasting allowing all Michigan tracks to be open for the entire year.
- Muskegon Race Course suddenly closes on May 19, 1997 after running only 6 days of its live Harness racing.
- Ladbroke DRC is sold for land development, had its last day of live racing on November 8, 1998 and closed completely at year's end after 49 years.
- The Muskegon Race Course is bought, rebuilt, renamed Great Lakes Downs and opened in April 1999, giving the state Thoroughbred industry a place to race.

### 2000's

- In January 2000 the Magna International Corporation was approved to purchase Great

Lakes Downs and make it the sixth Thoroughbred track owned by the growing Magna racing subsidiary.

- On August 7, 2000, Michigan's Julie Krone became the first woman jockey (or trainer) ever inducted into the Thoroughbred Hall of Fame. Her record included:
  - Winningest woman rider of all time with 3,545 wins
  - Riding 20,481 mounts that earned over \$81 million
  - Only woman rider to win a Triple Crown race with Colonial Affair, 1993.
  - Co-holder for most victories on a card, five, at Saratoga in 1993
- American Paint Horses were authorized to race, and on September 23, 2000, Cool Colors became the first Paint to win a race at Mount Pleasant Meadows.
- June 2007 celebrates the first, "June is Michigan Horse Racing Month"
- November 2007, Great Lakes Downs closes its doors for the final time.
- In 2007, the six Michigan licensed horse race tracks presented a combined 1,909 days of live and simulcast pari-mutuel racing during 2006. Over 1.1 million fans attended the races and wagered \$281.2 million that generated over \$9 million in state tax revenue.

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# **Horse Racing in Michigan**

## *An Economic Impact Study*

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December 2002

***Prepared for***  
The State of Michigan  
The Office of Racing Commissioner

***Prepared by***  
Public Sector Consultants Inc.  
Lansing, Michigan

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[www.pscinc.com](http://www.pscinc.com)

***Project Manager***

Craig Garthwaite

***Editor***

Diane Levy

***Production***

Donna Van Natter

# Contents

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EXECUTIVE SUMMARY .....	1
INTRODUCTION .....	2
ECONOMIC IMPACT OF RACETRACKS .....	4
ECONOMIC IMPACT OF RACING-BREED FARM OPERATIONS .....	7
COUNTY FAIRS .....	12
STATE TAXES .....	14
CONCLUSION .....	15
TECHNICAL APPENDIX .....	16
COMPARISON TO PREVIOUS STUDY .....	16
ACCURACY OF SURVEY RESULTS .....	16



## Executive Summary

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The purpose of this report is to estimate the total economic impact of horse racing on Michigan's economy. Horse racing affects not only the cities and towns where racetracks are located but also the state as a whole through its impact on Michigan's farm sector. A vibrant horse racing industry is critical to the existence of Michigan's numerous racing breed farm operations. Currently, the horse racing industry finds itself in serious decline. Some competition stems from other forms of entertainment—including but not limited to the new Detroit casinos, Indian casinos, and the state lottery. At the same time, neighboring racing jurisdictions (Canada, Ohio, Indiana, and Illinois) offer alternative gaming options, such as off-track betting, account wagering, and slot machines. All these factors have contributed to decreased attendance and wagering at Michigan racetracks. The Horse Racing Law of 1995, as amended, which allowed year-round racing and simulcast wagering, provided only a momentary halt to the decline in wagering. Despite a dramatic increase in racing dates (when including simulcast broadcast races), the total amount wagered was lower in 2001 than it was in 1991.

Currently, the horse racing industry generates more than \$443 million in total economic activity for Michigan. This output creates and supports nearly 14,000 paid jobs and nearly \$142 million in total personal income. In addition, the industry is responsible for the generation of approximately \$23.5 million in state revenue through state racing taxes as well as taxes on economic activity attributable to racing. In 1995, Public Sector Consultants (PSC) utilized the Michigan Equine Monitoring System to estimate that the horse racing industry supported nearly \$700 million in capital facilities. PSC assumes that the amount of capital held by the industry declined at the same rate as expenditures, which fell approximately 19 percent over this time. Thus, PSC estimates that the horse racing industry supported nearly \$570 million in capital facilities in 2001. ***In total, horse racing accounts for nearly \$1.2 billion in economic output, income, and capital facilities. This represents a decline, in real dollars, of nearly 19 percent since 1993.***

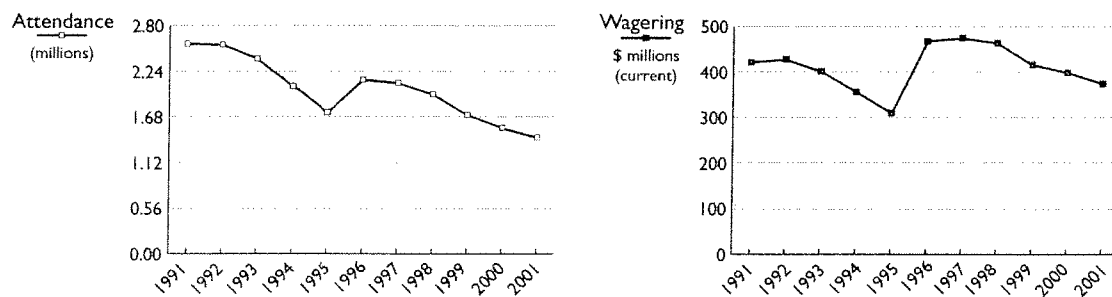
PSC's 1995 report estimated total Michigan employment related to horseracing (in 1993) to be 45,000. This estimate included approximately 15,000 family workers on horse farms. While the present study does not survey horse farms for family employment, PSC assumes that the number of family employees decreased at the same rate as farm expenditures. ***Therefore, PSC estimates that in 2001 there were more than 12,200 family farm workers on horse farms, for total employment in the industry of 26,200. This represents a decline of nearly 42 percent since 1993.***

# Introduction

Regulated pari-mutuel horse racing has existed in the state of Michigan for nearly 70 years. In 1933—the industry’s first season—horse racing attracted over 101,000 attendees for 31 days of racing. These attendees wagered over \$3.5 million, resulting in \$123,783 in state revenue. Since that time, when racing occurred only at one site—the Michigan State Fairgrounds—Michigan’s horse racing industry has grown dramatically. Michigan currently has seven licensed tracks offering 2,205 days of live and simulcast pari-mutuel racing. These race dates attracted more than 1.4 million attendees in 2001, who wagered \$374.5 million, resulting in \$11.9 million in state revenue from race taxes.

While the horse racing industry in Michigan has grown considerably since its humble beginnings, the industry is currently in a dangerous state of decline. Hampered by competition from the state lottery, the newly opened Detroit casinos, casinos located on Indian reservations, and other forms of entertainment, horse racing has seen declines in attendance, amount wagered, revenues, and expenditures. Exhibit 1 shows the decline in horse racing wagering and attendance since 1991. The sharp increase in wagering and attendance from 1995–1996 is a result of a change in state law that allowed year-round racing and simulcast wagering.

**EXHIBIT 1**  
Horse Racing Wagering and Attendance, 1991–2001



SOURCE: Public Sector Consultants Inc.

A complete collapse of the horse racing industry could cause serious damage to Michigan’s economy. In addition to the numerous jobs resulting from spending at racetracks, Michigan’s horse racing industry supports a large number of farms raising racing breed horses throughout the state.

For this study, Public Sector Consultants was asked to estimate the employment, income, and output of the industry’s track and farm operations. PSC found that in 2001, Michigan racetrack operations created and supported more than 1,300 jobs. This spending resulted in economic output of \$78.1 million and personal income of \$24.8 million. Racing-breed farm operations

generated a total economic impact of nearly \$365 million. This spending created and supported more than 12,000 jobs and \$117 million in total personal income.

The spending at racetracks and farms generates significant revenue for state government. In 2001, the largest component of this revenue resulted from pari-mutuel simulcast wagering taxes, which totaled \$11,826,409. In total, racetrack operations directly generated \$12,729,630 in revenue for the state.<sup>1</sup>

In addition to state revenue, racetracks also provided over \$1.7 million in revenue for the jurisdictions they are located in through breakage.<sup>2</sup> These revenues are intended to offset the additional cost of fire and police services associated with racetrack operations. In 2001, cities and townships received \$1,739,164 in breakage and spent only \$589,459 on increased police and fire protection. This represents a windfall of nearly \$1.15 million for these localities.

Revenues from horse racing provide support to numerous county fairs throughout the state. In 2001, county fairs offering horse racing reported receiving more than \$3.3 million from race tax revenues earmarked for race purses, exhibitor prizes, harness racing expenditures, and physical improvements. These fees represented nearly 21 percent of the revenue taken in by these 29 fairs.

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<sup>1</sup> This revenue results from pari-mutuel simulcast wagering taxes, occupational license fees, "outs" (uncashed pari-mutuel wagering tickets), racing fines, horse race licenses, fingerprint fees, and miscellaneous revenues.

<sup>2</sup> According to the Office of Racing Commissioner, "breakage is the amount that is subtracted from wage payout calculations when they are rounded down to the nearest dime (or nickel in a minus pool situation)."

## Economic Impact of Racetracks

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Michigan currently has seven fully licensed pari-mutuel racetracks. Five of these tracks feature harness racing, one features Thoroughbred racing, and one features mixed breed racing. The largest of these tracks, Hazel Park and Northville Downs, are located in the Detroit metropolitan area. The remaining five are dispersed around the southern portion of the Lower Peninsula. There are no licensed pari-mutuel racetracks in the northern Lower Peninsula or the Upper Peninsula.

To estimate the economic effects of these racetrack operations, PSC analyzed track financial statements and conducted interviews with each track regarding additional spending, contract services, and employment statistics. Exhibit 2 shows that racetracks spent more than \$68.8 million on operations, compensation, purses, state and local taxes, and breakage. In 2001, racetracks spent \$15.2 million on operations. This spending generated additional economic output of nearly \$9.8 million. In total, track operation spending generated \$25 million in economic output.

Racetrack operations spent more than \$11 million on compensation in 2001. PSC's survey of racetrack operations found 962 employees directly employed by the racetracks. The wages paid to these employees resulted in nearly \$4 million in increased personal income. A further 223 employees worked as contract workers at the racetracks. Racetrack spending supported the employment of 142 additional workers in the agriculture, retail, and service sectors.

Racetrack operations paid nearly \$16 million in state and local taxes. These organizations paid more than \$11.8 million in state racing taxes, more than \$1.7 million in breakage to local cities for police and fire protection at tracks, \$613,553 in property taxes, and over \$1.5 million in other taxes.

Total direct, indirect, and induced economic output attributable to track operations in 2001 was \$78.6 million dollars. These track expenditures resulted in personal income of \$24.8 million.

**EXHIBIT 2****Combined Direct Expenditures and Multiplier Effects, Michigan Horse Tracks, 2001**

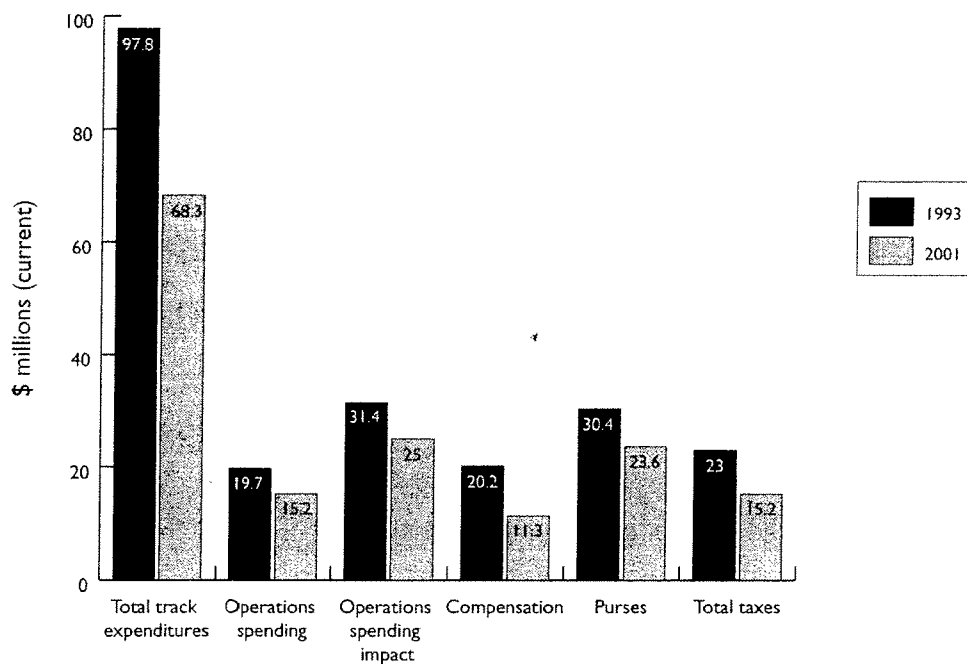
<b>Category</b>	<b>Direct expenditures</b>	<b>Direct, indirect and induced output</b>	<b>Total personal income</b>
Advertising and publicity	\$1,449,427	\$2,491,131	\$1,126,175
Entertainment and meals	349,614	567,822	207,263
Equipment	4,025,976	6,544,787	2,150,288
Finance, insurance, and real estate	1,029,665	1,702,759	894,690
Food and beverage supplies	385,927	626,799	228,790
Gas and oil	15,275	24,026	4,602
Medical services	13,858	23,678	10,096
Office supplies	195,790	318,284	104,572
Other business services	405,780	672,107	238,485
Postage	63,592	106,903	65,161
Professional fees	414,896	693,633	437,279
Professional services	820,806	1,363,796	791,144
Program publishing	702,918	1,121,108	299,901
Rent	2,046,758	3,327,292	1,093,181
Repairs and maintenance	1,756,925	2,896,993	1,501,129
Uniforms	14,000	22,759	7,477
Utilities	1,521,190	2,503,207	577,226
<b>Operating subtotal</b>	<b>15,212,397</b>	<b>25,007,084</b>	<b>9,737,459</b>
Employee salaries, wages and benefits	11,032,202		15,108,387
Purses	23,652,816		
Pensions, depreciations, simulcast	3,240,659		
State racing tax	11,826,499		
Breakage	1,739,164		
Single business tax	260,028	315,325	
Sales tax	55,297		
Property taxes	613,553		
Payroll taxes	1,202,428		
Charity	19,253		
<b>Total track expenditures</b>	<b>\$68,854,296</b>	<b>\$78,648,983</b>	<b>\$24,845,846</b>

SOURCE: Public Sector Consultants Inc.

## CHANGE IN ECONOMIC ACTIVITY SINCE 1993

From 1993 to 2001, racetrack expenditures decreased in every major category. As seen in Exhibit 3, these organizations have seen decreases in spending, economic impact, and compensation. It is important to note that these decreases are expressed in *current* dollars, not inflation-adjusted or *real* dollars. If expressed in 1993 dollars, the difference would be even greater.

**EXHIBIT 3**  
Economic Impact Over Time for Selected Criteria



SOURCE: Public Sector Consultants Inc.

## Economic Impact of Racing-breed Farm Operations

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It is difficult to obtain an accurate count of equine in Michigan. These difficulties arise from many of the same problems that plague the United States decennial census. The largest of these problems are potential undercounts resulting from equine living in unexpected or urban settings. Examples of possible overlooked locations are city zoos and city mounted police units. Nevertheless, the efforts taken by the United States Department of Agriculture and the Michigan Department of Agriculture, like the decennial census, represent the best available estimate of total equine.

In 1991 and 1996 the Michigan Department of Agriculture's Michigan Equine Monitoring System (MEMS) attempted to count all equine—by breed—in the state. They found that there were 130,000 equine residing in the state of Michigan.<sup>3</sup> In 1999 the National Agricultural Statistical Service (NASS) completed a national equine census and also found that there were 130,000 equine in Michigan. Unfortunately, the 1999 NASS effort did not categorize equine by breed but rather by total head. The 1996 MEMS count was the last categorization by breed; it found that approximately 62 percent of all equine in the state (80,500) were racing breeds.<sup>4</sup> PSC assumes that these numbers held constant for Michigan in 2001.

In order to estimate the economic impact of racing-breed farm operations—equine farms and boarding, breeding, and training facilities—PSC completed a mail survey of Michigan racing-breed horse farms. This survey was mailed to all United States Trotting Association (USTA) members in Michigan, all Michigan Thoroughbred Owners and Breeders Association (MTOBA) members, and all Thoroughbred owners licensed by the Michigan Office of Racing Commissioner (MORC). PSC mailed 3,335 surveys and received 658 responses, for a response rate of 20 percent. In order to determine per-equine farm expenditures, PSC used the subsample of respondents who own a farm. This subsample comprised 412 respondents.

Exhibit 4 shows the geographic distribution of survey respondents who reported owning a horse farm in Michigan. PSC received responses from horse farm owners from all across the southern Lower Peninsula. As the map shows, respondents to the survey are located in the same general area as Michigan's seven racetracks. Only one respondent was located in the northern Lower Peninsula and there were no respondents from the Upper Peninsula.

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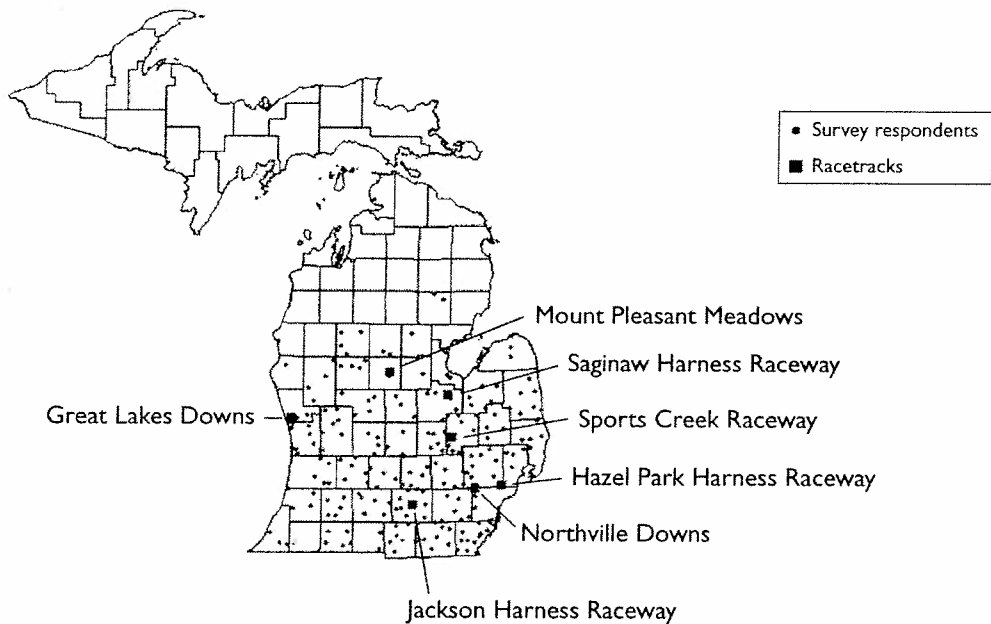
<sup>3</sup> While the 1991 and 1996 estimates of total head are the same, the distribution among breeds has changed. Interestingly, the percentage of racing breed horses has trended slightly upwards. In 1991, there were 130,000 equine, with 61.6 percent racing breeds. In 1996, there were 130,000 equine, of which 61.9 percent were racing breeds. A 1984 Michigan Department of Agriculture count showed 160,000 equine, of which 60.1 percent were racing breeds.

<sup>4</sup> For the purposes of this study, racing breed horses include Quarter horses, Arabians, Standardbreds, Thoroughbreds, and Appaloosas.

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**EXHIBIT 4**  
Geographic Distribution of Michigan Racetracks and  
Survey Respondents Who Own a Farm

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SOURCE: Public Sector Consultants Inc.

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Utilizing survey responses to estimate per-equine spending, PSC found that expenditures vary greatly depending on the characteristics of the facility. Exhibit 5 shows the difference in both farm size and expenditures.

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**EXHIBIT 5**  
Total Expenses Per Equine, by Ownership Type, 2001

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	All equine stabled on site N=206	Owner stables all equine elsewhere N=7	Owner stables both on and off site N=200	Owner stables own and others' equine N=143
<b>Farms</b>				
Mean operation size (acres)	14.29	10.00	21.54	14.47
<b>Expense per equine</b>				
Mean	\$3,910	\$7,184	\$4,262	\$7,028
Minimum	\$50	\$781	\$160	\$50
Maximum	\$18,167	\$16,700	\$33,333	\$54,850

SOURCE: Public Sector Consultants Inc.

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In order to determine total farm expenditures for various categories of expenses, PSC used per-equine expenditure estimates from Michigan farm owners. This includes farms that have all horses on site; some horses off site and on site; and farms where the owners stable horses belonging to others. The results of these estimates are summarized in Exhibit 6. PSC estimates that racing-breed horse farmers in Michigan spent approximately \$4,075 per horse.

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**EXHIBIT 6**  
Average Per-equine Expenditures, by Category, 2001

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<b>Category</b>	<b>Average Per Equine Expense</b>
Accountant	\$38.23
Bedding	96.47
Boarding	135.35
Building maintenance	170.69
Driver	141.47
Equine dentist	21.54
Equipment lease	17.42
Farrier/blacksmith	181.90
Feed	430.06
Gas/diesel	188.33
Health care supplies	70.30
Insurance	110.24
Land lease	18.73
Miscellaneous operations	388.29
Stud fees/breeding	196.30
Tack and equipment	188.66
Taxes	162.40
Trainer	720.89
Travel and lodging	94.03
Utilities	75.58
Vehicle and equipment maintenance	229.97
Veterinarian	397.99
<b>Total</b>	<b>\$4,074.85</b>

SOURCE: Public Sector Consultants Inc.

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PSC applied its expenditure estimates to the total equine count derived from the NASS equine count. PSC adjusted the ratio of total expenses to total equine to account for the number of Quarter horses, Arabians, and Appaloosas throughout the state that are not involved in racing.

Applying these adjusted expense ratios to the Michigan horse population, PSC finds total racing-breed farm expenditures of more than \$231 million. As shown in Exhibit 7, these expenditures generated total economic output of almost \$365 million and total personal income topping \$117 million.

**EXHIBIT 7**  
Estimated Expenses and Multiplier Effects for Racing-breed Farm Operations

Category	Per equine expense	Final demand	Direct, indirect, and induced output	Personal income	Total employees
Accountant	\$38.23	\$2,051,474	\$3,446,790	\$2,035,134	57
Bedding	96.47	7,765,705	12,479,923	2,998,629	74
Boarding	135.35	7,263,652	11,009,640	2,976,094	335
Building maintenance	170.69	13,740,727	22,657,090	11,740,177	283
Driver	141.47	2,581,437	4,196,487	1,378,755	18
Equine dentist	21.54	1,734,248	2,963,585	1,263,622	42
Equipment lease	17.42	467,550	791,863	288,595	7
Farrier/blacksmith	181.90	14,643,022	22,194,676	5,999,601	675
Feed	430.06	34,619,959	54,077,915	11,139,977	755
Gas/diesel	188.33	15,160,620	23,845,966	4,567,136	99
Health care supplies	70.30	3,772,615	6,112,870	1,996,412	29
Insurance	110.24	8,874,635	14,676,139	7,711,363	217
Land lease	18.73	502,609	717,913	145,637	6
Miscellaneous operations	388.29	20,838,194	31,584,802	8,537,914	961
Stud fees/breeding	196.30	5,267,280	7,983,706	2,158,132	243
Tack and equipment	188.66	10,124,968	14,704,196	6,827,101	211
Taxes	162.40	2,963,213	2,963,213		
Trainer	720.89	30,950,001	50,313,551	16,530,508	222
Travel and lodging	94.03	2,018,539	3,206,584	1,274,503	59
Utilities	75.58	6,083,835	10,011,334	2,308,555	49
Vehicle and equipment maintenance	229.97	18,512,651	28,184,089	9,809,035	296
Veterinarian	397.99	21,359,041	36,495,800	15,561,185	515
<b>Total</b>	<b>\$4,074.85</b>	<b>\$231,295,974</b>	<b>\$364,618,132</b>	<b>\$117,248,065</b>	<b>5,153</b>

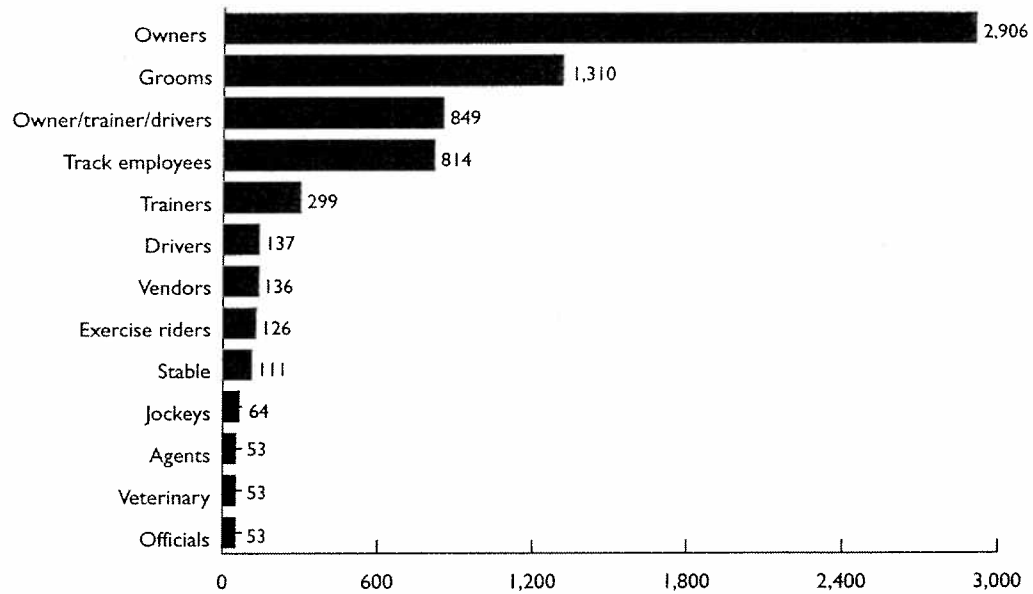
SOURCE: Public Sector Consultants Inc.

Expenditures by racing-breed farm operations in Michigan directly support the employment of 4,078 persons. Additional economic activity resulting from racing-breed farm expenditures supports 1,079 jobs. In addition to this employment, as Exhibit 8 shows, the Michigan Office of Racing Commissioner granted licenses to 6,911 people for various categories of employment within the industry.

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**EXHIBIT 8**  
State of Michigan Licensed Industry Employees, 2001

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SOURCE: Public Sector Consultants Inc.

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## County Fairs

Michigan county fairs generate both an economic and social benefit to Michigan residents. They provide a venue for farmers to display and sell livestock and crops, promote involvement in 4-H and other activities, as well as provide entertainment for families throughout Michigan. As shown in Exhibit 9, Michigan held 87 fairs in 2001, offering a total of 536 fair days throughout the state. Twenty-nine of these fairs featured horse racing, accounting for a total of 224 fair days and 116 race dates. These fairs reported receiving more than \$3.3 million from the pari-mutuel racing tax to support racing activities. This money was used for financing racing activities; physical improvements and maintenance; and prizes for horse breeders.

### EXHIBIT 9

#### Michigan County Fairs, by Type, 2001

	Fairs with racing	Fairs without racing	All fairs
Number	29	58	87
Fair days	224	312	536
Race dates	116	0	116
Cash receipts	\$15,789,993	\$31,293,304	\$47,083,297
Total disbursements	\$15,138,969	\$29,393,568	\$44,532,537

SOURCE: Public Sector Consultants Inc.

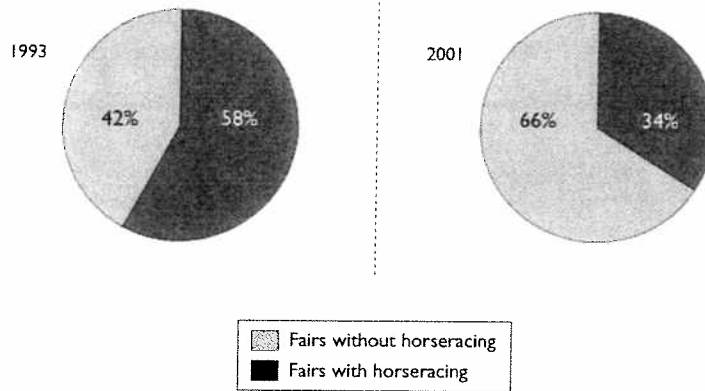
In 2001, Michigan county fairs grossed more than \$47 million. The 29 fairs offering racing accounted for approximately 42 percent of fair days but their nearly \$16 million of revenue accounted for only 34 percent of total revenue. The fairs with racing received nearly 22 percent of their revenue from gate and grandstand admissions and nearly 21 percent from the state to support racing activities. These fairs paid out more than \$3.1 million, or nearly 22 percent of their expenditures in purses and other race expenditures.

The economic impact of horse racing on county fairs has declined since 1993. As seen in Exhibit 10, fairs with horse racing were responsible for 58 percent of total county fair revenue in 1993. By 2001, this proportion fell to 34 percent of total revenues. Furthermore, five fewer fairs offered live racing in 2001 than in 1993. Figures for 2002 show that county fairs will only offer 103 race dates. While it is clear that county fairs featuring horse racing receive significant economic support from the state simulcast wagering tax, it is also clear that this support is not as important to all fairs as it once was.

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**EXHIBIT 10**  
Distribution of County Fair Revenue, 1993 and 2001

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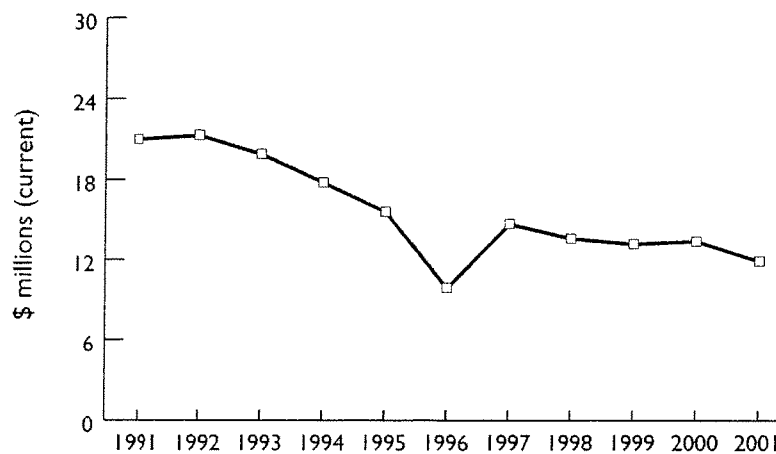
SOURCE: Public Sector Consultants Inc.

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## State Taxes

Exhibit 11 shows state revenues from racetrack operation collected since 1990.<sup>5</sup> These revenues include the pari-mutuel wagering tax, license fees, "outs," and fines. Race tax revenues have steadily decreased since the early 1990s, dropping more than 43 percent during this time period.

**EXHIBIT 11**  
State Revenues from Horse Racing



SOURCE: Public Sector Consultants Inc.

It is important to note that in addition to the revenues represented in this exhibit, racetracks and racing-breed farms also pay sales tax, the single business tax, and property taxes. In 2001, racetracks paid \$315,325 in single business and sales tax in addition to \$613,553 in property taxes. PSC estimates that racing-breed farm operations paid nearly \$4.3 million in sales taxes on \$71.4 million of taxable purchases. PSC also estimates that personal income created by the horse racing industry generates more than \$3.8 million in personal income taxes for the state.<sup>6</sup> In total, PSC estimates that horse racing contributes a minimum of \$23.5 million in revenue to the state.

<sup>5</sup> Exhibit 11 only shows revenues directly attributed to horseracing and not those revenues estimated by PSC or single business and sales tax payments by racetracks.

<sup>6</sup> This estimate was derived using an effective tax rate of 2.68 percent.

## Conclusion

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This study estimates that Michigan's horse racing industry generates more than \$443 million in total economic benefit to the state. In addition, the industry creates or supports employment resulting in nearly \$142 million in personal income. The industry also generates approximately \$23.5 million in total state revenues and supports capital facilities valued at nearly \$570 million.

***In total, horse racing accounts for nearly \$1.2 billion in economic output, income, and capital facilities. This represents a decline, in real dollars, of nearly 19 percent since 1993.***

This study also estimates that the horse racing industry supports nearly 14,000 paid employees. Family workers are not included among these paid employees. In its 1995 study, PSC estimated that there were more than 15,000 family workers on horse farms in Michigan (in 1993). Assuming that the number of family employees decreased at the same rate as farm expenditures, ***PSC estimates that in 2001 there were more than 12,200 family farm workers on horse farms, for total employment in the industry of more than 26,200. This represents a decline of nearly 42 percent since 1993.***

# Technical Appendix

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## COMPARISON TO PREVIOUS STUDY

PSC previously completed an economic impact study of the horse racing industry in 1995. This study analyzed racetrack and farm employment, income, and expenditures for 1993. While it is tempting to use this previous study for comparison purposes, there are several reasons why this comparison can only occur for specific items in this report. Farm expenditure estimates in the present study are taken from a mail survey designed by PSC. The 1995 report was based on a 1994 survey completed by the Michigan Harness Horsemen's Association (MHHA). The differences between these two studies are as follows:

- Expenditure estimates for 1993 were based on a subsample of 115 surveys, whereas the current survey is based on a sample of 412. The current sample's higher response rate increases the accuracy of the estimates.
- The MHHA survey was mailed only to Standardbred horse owners, whereas the current survey was mailed to Standardbred and Thoroughbred owners.<sup>8</sup>
- The current study only reports employment information for paid employees. The 1993 study included family employees in its analysis.

Due to these factors there are only limited areas where the two studies can be reliably compared. These include:

- Estimates of track expenditures and related economic impact
- Employment information derived from Office of Racing Commissioner licensee files
- County fair expenditure and revenue data
- State tax revenue data
- Track attendance and wagering data
- Total economic impact and personal income data

Except for these limited circumstances, care must be taken to avoid comparing the two reports. Comparisons would provide an inaccurate representation of changes in the horse racing industry.

## ACCURACY OF SURVEY RESULTS

While PSC received a response rate of 20 percent from its mail survey, the majority of estimates regarding horse farm expenditures are derived using a subsample comprising the 412 respondents who own farms in Michigan. This subsample included all farm owners who responded to the survey.

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<sup>8</sup> While the PSC survey was only mailed to owners of Standardbred and Thoroughbred horses, further analysis revealed that these owners also owned horses of other racing breeds, including but not limited to Appaloosas, Arabians, and Quarter horses.



The 1997 Census of Agriculture reports 9,090 horse and pony farms in Michigan. Assuming that the percentage of horses is spread evenly among these farms, and considering the fact that racing breeds make up approximately 62 percent of all equine in Michigan, one can assume that there are approximately 5,618 racing-breed horse farm operations in Michigan.

If we assume that the population targeted for the survey (all USTA and MTOBA members in Michigan) was representative of all racing-breed horse farms in Michigan, survey results for the subsample of 412 respondents would have a margin of error of  $\pm 4.6$  percent with 95 percent confidence. If the population the survey was mailed to is different from the universe in any way, the survey results could be biased.



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# **FISCAL FOCUS**

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## **CHALLENGES TO MICHIGAN'S HORSE RACING INDUSTRY**

Prepared by:  
**Craig Thiel, Fiscal Analyst**

**October 1999**



**Mitchell E. Bean, Interim Director**

# OPTIONS TO AID HORSE RACING

Challenges facing the horse racing industry are not unique to Michigan, but rather are indicative of a national trend. While these challenges may be common to the industry across the country, the options the industry has available to generate revenue and survive differ from state to state. Because these options can be a function of the overall gambling/entertainment environment, gambling's social acceptance, the political landscape, and/or laws in a given state, it is impractical to assume that another state's response to the challenges can be used in Michigan to assist the horse racing industry.

The following reviews some of the options currently in place in other states to help the horse racing industry's chances of long-term survival. All of these options seek to generate additional revenue for the industry — revenue which could be used to augment purses, enhance breed development, fund track improvements, or promote horse racing in Michigan. In all cases, implementing these options in Michigan would require changes to state law.

## ***Slots, Card Rooms, and Video Lottery Terminals (VLTs)***

Some states permit other forms of gambling, in addition to pari-mutuel wagering, at horse racing tracks. Three states allow slots (Delaware, Iowa, and New Mexico), two allow card rooms (Florida and Minnesota), and three allow VLTs (Oregon, Rhode Island, and West Virginia). One state (Louisiana) permits both slot machines and VLTs at its pari-mutuel tracks.

Slot operations opened at Windsor Raceway in Ontario, Canada in December 1998. Under the arrangement brokered between the industry and the Province of Ontario, 20 percent of the net win is split equally between the track and horsemen purse pools. Industry sources report that the addition of slots has had a positive affect on attendance, wagering, purses, and the number of live racing dates at the track.

Slot machines, card rooms, and VLTs could allow the tracks in Michigan to compete directly with Native American and Detroit casinos for the gambling

Arguments have been made by industry observers that in order for the horse racing industry to compete in the Michigan gambling/entertainment market, the playing field must be leveled by providing the tracks with some of the same revenue-generating options available to other gambling outlets in the state. These options could include slot machines and/or video lottery terminals (VLTs) at the tracks as a means to compete with other gambling outlets.

While slots and/or VLTs could provide the tracks with tools to compete directly with other gambling outlets in the state, other options (discussed in the next section of this publication) exist to generate the revenue necessary for the industry to tackle the challenges it currently faces.

dollars available in the state. Introducing these new forms of gambling at the tracks could attract new customers, which might increase total pari-mutuel wagering — both live and simulcast. While the increased wagering level would aid the industry, a portion of the revenue from slots, card rooms, and/or VLTs could be earmarked for breeders' awards, purses, track improvements, and/or promotions — similar to the Windsor, Ontario model.

Expansion of gambling at pari-mutuel tracks in Michigan would require changes to state law, as non-Indian casino gaming operations are currently limited to the three Detroit casinos. Amendments to the initiated law regulating Detroit casinos, the Michigan Gaming Control and Revenue Act as amended, would require approval by three-fourths of the members serving in each house of the Legislature.

### ***Off-Track Betting***

By far the most popular option in other states, off-track betting (OTB) provides people with access to live racing and pari-mutuel wagering taking place in other parts of the state without having to attend a race track. For example, the surrounding states of Illinois, Indiana, and Ohio, and the province of Ontario, Canada, all permit off-track betting.

In Michigan, there are no pari-mutuel tracks in the upper half of the Lower Peninsula or in the Upper Peninsula. Mount Pleasant Meadows, a small, mixed-breed track, is the northernmost track in the state, but it is not readily accessible to people from the northern portion of the state. Off-track betting outlets strategically placed in the northern Lower Peninsula and the Upper Peninsula would provide an outlet for people in these parts of the state to wager on live horse racing in Michigan. Similarly, the state's only all-thoroughbred race track is located in Muskegon, a significant distance from the population that was accustomed to wagering on live thoroughbred racing at Ladbroke DRC in Livonia.

Off-track betting may increase live wagering levels and, therefore, help both the tracks and horsemen. Unlike simulcast wagering, live race wagering is not taxed by the state, thus it provides additional revenue for improvements at the tracks and for purses.

### ***Account Wagering***

A recent newcomer in the United States, account wagering provides people with access to pari-mutuel wagering over the telephone or the Internet. Eight states currently offer some type of account wagering, with additional states

contemplating its introduction.<sup>11</sup> The technology behind this form of wagering is fairly straightforward. People establish a pre-funded account and then access it via the phone or home computer by way of a personal identification number. Similar to OTB, account wagering allows people to wager on live races in the state from remote locations. This technology also provides access to wagering at all times of the day and does not require people to attend a track. Account wagering benefits include increased wagering, improved access to wagering, and the opening of new markets.

### ***Revenue Sharing***

Another option would be to share a portion of casino revenue with the tracks and the horsemen — similar to a revenue-sharing arrangement that exists between the riverboat casino industry and the horse racing industry in Indiana. The statute permitting riverboat gaming in Indiana earmarks 65 cents of the \$3.00 riverboat admission tax to the pari-mutuel horse racing industry. These funds are distributed to various segments of the racing industry. Of the total distributed, 40 percent is earmarked for purses (divided equally between thoroughbred and standardbred), 30 percent is earmarked to Indiana's only race track (Hoosier Park), 20 percent is earmarked for breed development (divided equally between thoroughbred and standardbred), and 10 percent is earmarked for promotion. In 1998, more than \$22.2 million in riverboat admissions tax revenue was transferred to the horse racing industry in Indiana. Daily average purses for the 1999 racing meet will surpass \$200,000.

The Indiana arrangement was recently used as the model for a similar revenue sharing agreement in Illinois. Under a new Illinois law permitting a riverboat to operate in Cook County, 15 percent of the adjusted gross revenues from the boat will be directed to the horse racing industry (divided equally between purses and the tracks). This agreement is designed to help the industry reopen Arlington International Racecourse outside of Chicago, which closed in 1997 partially in response to competition from riverboats in Illinois and Indiana. Arlington will reopen in 2000, due in large part to the new revenue sharing agreement.

Another example of revenue-sharing exists in New Jersey where simulcast wagering is authorized in Atlantic City casinos. A portion of the revenue from casino simulcasting is distributed to assist racetracks and horsemen organizations which demonstrate that casino simulcasting has negatively affected their financial well-being. In 1998, nearly \$2.1 million was

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<sup>11</sup> States offering some type of account wagering: Connecticut, Kentucky, Maryland, Nevada, New York, Ohio, Oregon, and Pennsylvania.

distributed directly to New Jersey tracks and to horsemen from casino simulcasting revenues. In Michigan, current law prohibits simulcast wagering in Detroit casinos.

The casino industry in Michigan does not currently share revenue with the horse racing industry. Current statutory provisions earmark state taxes and fees from Detroit casinos for K-12 education, state regulatory/oversight activities, and compulsive gambling prevention programs. Under the four recently-approved tribal-state compacts, 8 percent of the net win from slot machines at the four proposed new Native American casinos is earmarked for the Michigan Strategic Fund, administered by the Michigan Economic Development Corporation.

### ***Tax Reduction***

Currently, the state imposes a tax of 3.5 percent on the gross simulcast wagering handle of each track; the revenue is dedicated to the Agriculture Equine Industry Development Fund. A reduction in this tax would allow tracks to retain more of the simulcast handle and direct these resources to other track priorities, such as maintenance, capital improvements, and/or promotions. Assuming a constant level of simulcast wagering, a reduction of the tax rate to 2.5 percent would permit tracks to retain more than \$3.6 million in the simulcast handle. A reduction in the tax, however, would decrease the amount of revenue available in the Agriculture Equine Industry Development Fund to appropriate for purses, awards, and state regulatory functions.



## CHANGES TO 1995 PA 279

The Michigan Legislature has initiated three major statutory changes to the Horse Racing Law of 1995 (1995 PA 279) since its enactment. Some of the changes were made in response to the challenges facing the horse racing industry. These changes have dealt with the disposition of state pari-mutuel horse racing revenue, the disposition of revenue from outstanding, unclaimed winning pari-mutuel tickets, and an attempt to improve the overall economic position of the horse racing industry in Michigan. These major statutory changes and their intended impact on the industry are described below:

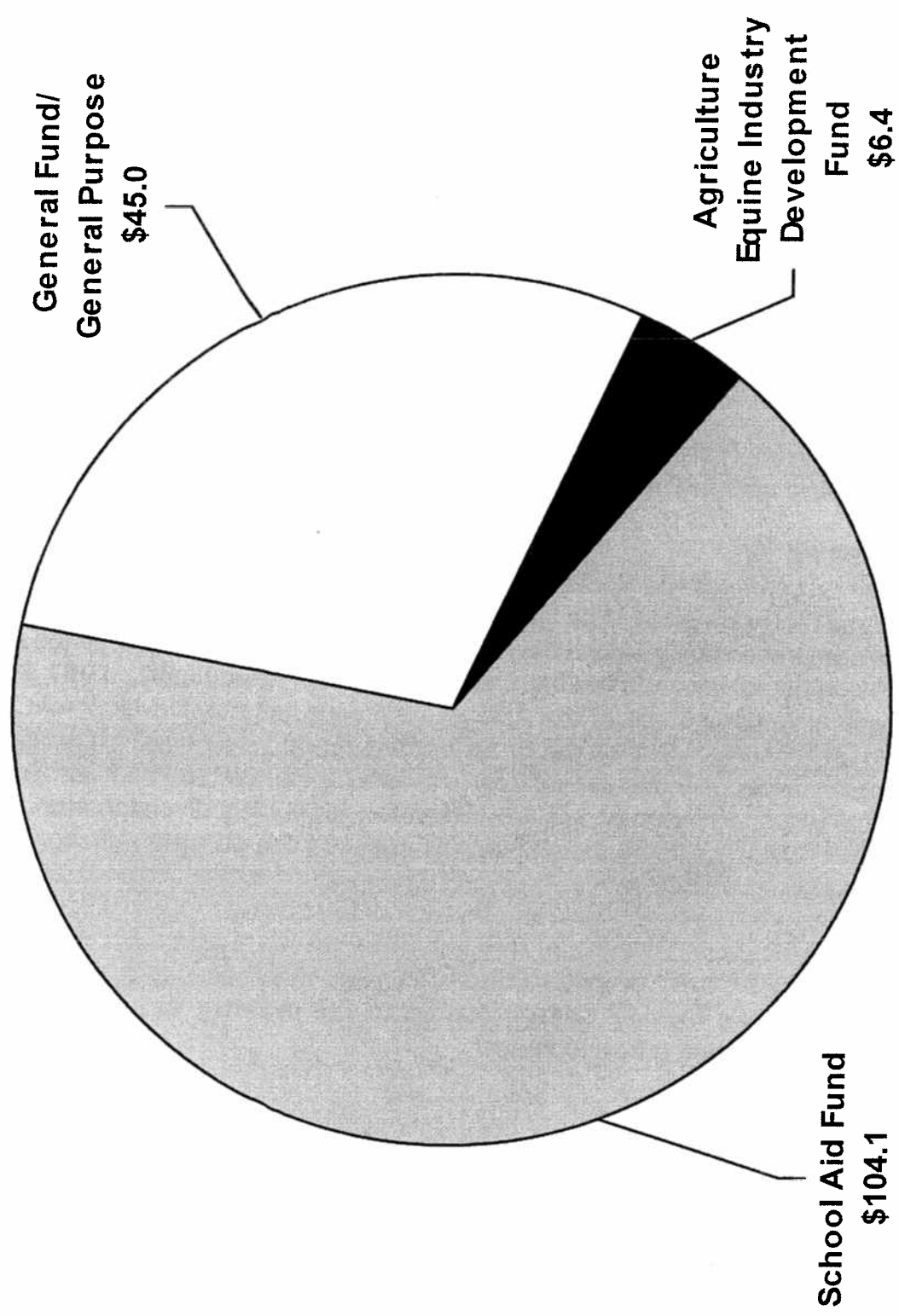
### **1997 PA 73**

This act amends the Horse Racing Law of 1995 regarding the disposition of horse racing revenue. The law was part of a package of legislation intended to comprehensively amend the Michigan Gaming Control and Revenue Act — the initiated law authorizing Detroit casinos. Specifically, 1997 PA 73 requires a percentage of the Agriculture Equine Industry Development Fund, equal to 0.1 percent of the gross wagers made annually at each licensed track, be deposited in the Compulsive Gaming Prevention Fund. Based on a total wagering figure of \$463.8 million for 1998, this diversion amounts to \$463,800. The horse racing industry opposed this statutory change as the annual diversion effectively reduces the amount of revenue available for the Legislature to appropriate from the Agriculture Equine Industry Development Fund for various agriculture, fair, and horse racing programs. Elimination or reduction of this diversion would result in more of the state simulcast wagering tax revenue being returned to the industry to support purses, awards, and breed development.

### **1998 PA 408**

This act amends the Horse Racing Law of 1995 to address some economic concerns of the horse racing industry in light of growing competition from other gambling and entertainment outlets. The act increases the commission from wagering that goes to tracks (the "takeout"), eliminates the permit fee certain tracks must pay for simulcasting, eliminates restrictions on when certain races can be simulcast, and permits thoroughbred racing after 6:45 p.m. Industry observers view these changes as critical for improving the

2006



07/08

## Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-07 to 9-30-08	Disposition
Aircraft Registration	1923	Transportation	August 1	309	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	22,776	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	TREASURY	20th of each month	5,809	State Aeronautics Fund
Beer and Wine Excise	1933	Labor & Economic Growth	Monthly reports and/or stamps	51,143	General Fund
Casino Wagering	1999	Education	Daily	130,806	School Aid Fund, General Fund
Cigarette Tobacco Products	1947	TREASURY	20th of each month	1,026,775	41.6% to School Aid Fund, 19.8% to General Fund, 3.8% to Healthy Michigan Fund, 34.8% to Local Units
Commercial Mobile Radio Service	1999	TREASURY	Last day of Feb., April, July & Oct.	20,988	Commercial Radio Suppliers and Counties; Public Safety Answering Points
Convention Facility Development	1985	TREASURY	15th of each month	19,246	Debt Service for Cobo Hall; Counties
Corporate Organization	1891	Labor & Economic Growth	At time of incorporation, admission or increase in stock	20,342	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	108,059	Michigan Transportation Fund
Environmental Protection Regulatory	1989	TREASURY	10th and 25th of each month	53,466	General Fund
Estate	1994	TREASURY	Nine months following date of death	491	General Fund
Gas and Oil Privilege Fee	1973	TREASURY	25th of each month	13,126	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	101,232	General Fund
Gasoline	1925	TREASURY	20th of each month	853,805	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	8,257	Agriculture Equine Industry Development Fund
Individual Income	1967	TREASURY	April 15	7,235,470	General Fund with 23.5% to School Aid

## Summary of ORC Revenues

The pari-mutuel racing program in 1999 contributed **\$13,202,927.51** in pari-mutuel taxes and other revenues to the state as follows:

Pari-Mutuel Simulcast Wagering Taxes	\$	12,632,104.12
Occupational License Fees	\$	165,900.00
"Outs" (money from outstanding uncashed winning pari-mutuel tickets)+	\$	805,582.71
RCI Fingerprint Fees	\$	3,094.00
FBI Fingerprint Fees	\$	2,958.00
MI Fingerprint Fees	\$	9,744.00
Racing Fines	\$	49,870.00
Horse Race Licenses	\$	3,000.00
Miscellaneous Revenues	\$	(469,325.32)*
<b>Total State Revenue:</b>	<b>\$</b>	<b>13,202,927.51</b>

\*Revenue assessment for "Compulsive Gaming Prevention Fund" per Act No. 70 of 1997.

	2008	2007
<b>Thoroughbred</b>		
Pinnacle Race Course	\$ 342,860	364,862**
<b>Mixed Breed</b>		
Mount Pleasant Meadows	\$ 90,446	\$ 80,092
<b>Harness</b>		
Hazel Park Harness Raceway	\$ 3,265,028	\$ 3,604,200
Jackson Harness Raceway	320,340	365,052
Northville Downs	1,636,214	1,842,254
Northville Racing Corporation	869,730	1,136,234
Sports Creek Raceway	927,095	1,026,014
<b>Harness Totals</b>	<b>\$ 7,018,407</b>	<b>\$ 7,973,754</b>
<b>TOTAL STATE TAX</b>	<b><u>\$ 7,451,713</u></b>	<b><u>\$ 8,418,708</u></b>



# State Notes

## TOPICS OF LEGISLATIVE INTEREST

May/June 2007



### Agriculture Equine Industry Development Fund Revenue Issues

By Debra Hollon, Fiscal Analyst

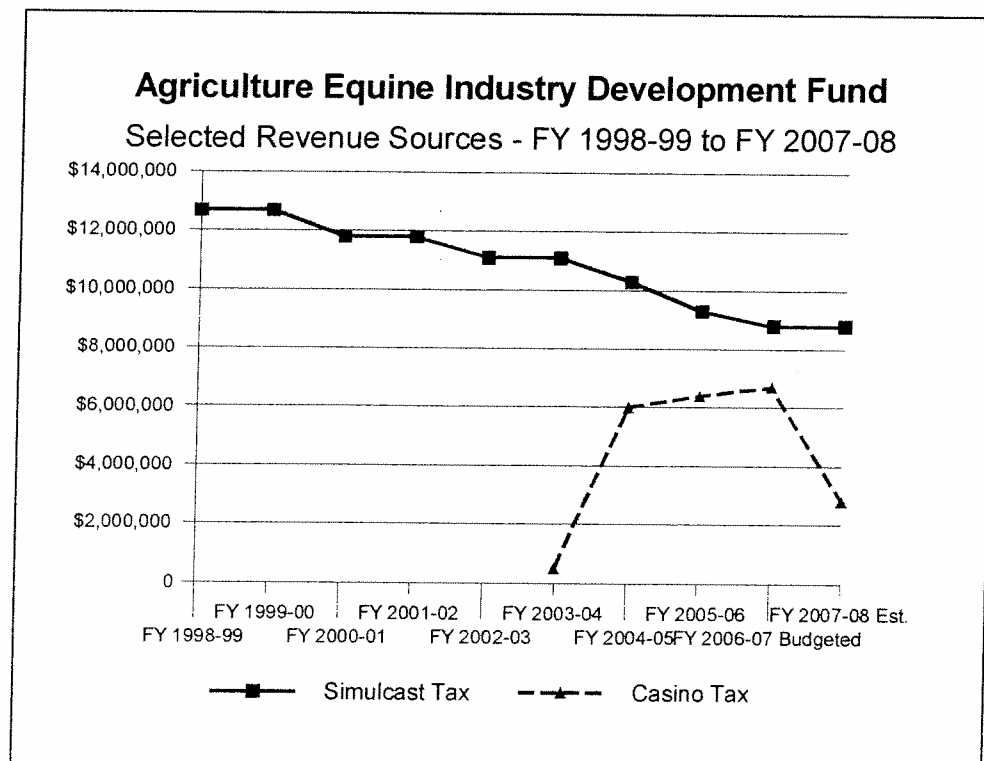
Background section primarily from a January, 2005, State Notes article by Craig Thiel

#### Background

The Horse Racing Law of 1995 created the Agriculture Equine Industry Development Fund (AEIDF) to provide funding for agriculture and equine industry development programs as provided in the statute. The Fund receives revenue from four principal sources: simulcast wagering taxes, horse racing licensing fees and fines, uncashed winning tickets, and, as of September 2004, a portion of the tax levied on Detroit casinos. By far, the two largest sources of revenue to the AEIDF are the simulcast wagering tax and the casino tax.

The primary source of revenue to the AEIDF is the simulcast wagering tax paid by each race meeting licensee, i.e., racetrack. The tax is levied at the rate of 3.5% on all money wagered on interstate and intrastate simulcast races. The simulcast wagering tax represents the only State tax levied on horse racing in Michigan. As shown in Figure 1, that tax revenue has declined each year since fiscal year (FY) 1999-2000. The reduction is attributable to the increase in competition for wagering dollars associated with the opening of the three Detroit casinos between July 1999 and November 2000 as well as the availability other gaming outlets in Michigan and Canada. The FY 2005-06 revenue to the AEIDF from this source was \$9.3 million.

Figure 1



# State Notes

## TOPICS OF LEGISLATIVE INTEREST

May/June 2007



Public Act 306 of 2004 amended the Michigan Gaming Control and Revenue Act (MCL 432.212) to make several changes to the tax levied on the three Detroit casinos, effective September 1, 2004. Public Act 306 imposed a new 6.0% gross wagering tax on the casinos, bringing the total tax to 24.0%. Of the new tax revenue, 1/3 is allocated to the City of Detroit, 7/12 to the State General Fund, and 1/12 to the AEIDF. Under the Act, the three casinos will not be required to pay the State tax once the permanent casinos are fully operational or if and when video lottery is operational at Michigan horse racetracks. The FY 2005-06 revenue to the AEIDF from this source was \$6.4 million.

### **FY 2007-08 Revenue Issue**

As noted above, MCL 432.212 includes termination provisions for the State portion of the additional wagering tax on the Detroit casinos. When a permanent casino facility has been fully operational for a period of 30 days, the licensee may apply for certification by the Michigan Gaming Control Board. Once the casino is certified, the additional wagering tax will be reduced from 6.0% to 1.0%, which will be allocated entirely to the City of Detroit. This revised tax rate will be retroactive to the date the permanent casino became fully operational, i.e., the beginning of the 30-day waiting period.

Based upon a timetable that would have the MotorCity Casino operational by October 1, 2007, and the MGM Grand Detroit operational by January 1, 2008, the Consensus Revenue Estimating Conference, in May 2007, estimated a net reduction of \$28.4 million in State revenue from the casino tax. The portion of this lost revenue that would have been allocated to the AEIDF is an estimated \$4.3 million or 25.9% of the Fund's total appropriation for FY 2006-07. However, revised construction estimates have both casinos becoming fully operational by the start of the fiscal year on October 1. As a result, revenue may be even lower than anticipated.

Revenue to the AEIDF from simulcast wagering and the casino tax is designated for the broad purpose of agriculture and equine industry development pursuant to Section 20 of the Horse Racing Law. The Governor's FY 2007-08 recommended budget for the Department of Agriculture included expenditure reductions from the AEIDF to address the estimated revenue reduction. The specific budget cuts resulting from the decrease in revenue are outlined in Table 1. Total expenditures from the AEIDF for FY 2007-08 are recommended at \$12.6 million, down from \$16.6 million appropriated in FY 2006-07.

### **Revenue Issues in Future Years**

Exacerbating the impact of the operational status of the MGM Grand Detroit and the MotorCity Casino is the distinct possibility that increased gaming activity at those two locations could decrease traffic at the horse racetracks in Michigan. It is possible that individuals will choose the expanded gaming opportunities at the new casino facilities over the racetracks. This shift would result in more drastic decreases in simulcast tax revenue during FY 2007-08, thereby continuing the downward trend already evident in Figure 1.

Finally, almost two-thirds of the FY 2007-08 revenue to the AEIDF is affected by the fact that two of the three Detroit casinos will become fully operational before the start of that fiscal year. The third casino, Greektown, will become fully operational in the fall of 2008, which will eliminate the remainder of revenue from the casino tax in FY 2008-09. Approximately \$2.8 million in revenue will be lost.



# State Notes

TOPICS OF LEGISLATIVE INTEREST  
May/June 2007



**Table 1**

<b>Agriculture Equine Industry Development Fund Selected Appropriations - FY 2006-07 to FY 2007-08</b>			
<b>Appropriation Unit/Line Item</b>	<b>FY 2006-07 Year-to-Date Appropriation</b>	<b>FY 2007-08 Governor's Recommendation</b>	
		<b>Appropriation</b>	<b>Change</b>
<b>Executive</b>			
Statistical Reporting Service – Equine Industry Survey	\$50,000	\$0	\$(50,000)
<b>Animal Industry</b>			
Animal Health and Welfare	\$58,200	\$58,200	\$0
Bovine Tuberculosis Program	2,340,900	2,125,400	(215,500)
Subtotal	\$2,399,100	\$2,183,600	\$(215,500)
<b>Agriculture Development</b>			
FFA Association	\$80,000	\$0	\$(80,000)
4-H Association	20,000	0	(20,000)
Subtotal	\$100,000	\$0	\$(100,000)
<b>Fairs and Expositions</b>			
Building & Track Improvements	\$963,200	\$0	\$(963,200)
Purses and Supplements	3,031,700	2,370,000	(661,700)
Standardbred Breeders' Awards	1,273,000	969,000	(304,000)
Standardbred Purses & Supp	2,305,700	1,789,300	(516,400)
Standardbred Training & Stabling	44,900	36,000	(8,900)
Thoroughbred Program	3,092,400	2,400,000	(692,400)
Thoroughbred Owners' Awards	159,900	124,000	(35,900)
Standardbred Sire Stakes	1,040,000	810,000	(230,000)
Thoroughbred Sire Stakes	1,063,100	830,000	(233,100)
Light Horse Racing	170,900	132,000	(38,900)
Distribution-Outstanding Winning Tickets	700,000	700,000	0
Subtotal	\$13,844,800	\$10,160,300	\$(3,684,500)
<b>Information Technology</b>			
Information Technology Services	\$221,100	\$208,100	\$(13,000)
<b>Total</b>	<b>\$16,615,000</b>	<b>\$12,552,000</b>	<b>\$(4,063,000)</b>

## Conclusion

Revenue to the Agriculture Equine Industry Development Fund from existing sources has been steadily declining over the past several years and will be drastically reduced in the next two fiscal years. This lack of resources will necessitate some sort of action in the form of additional cuts to the horse racing line items, a shift of AEIDF funding from Bovine TB eradication to horse racing programs, or the use of some new funding source.



# Detroit Casino Revenues & Wagering Taxes - 2004

Month	MGM GRAND DETROIT			MOTORCITY CASINO			GREEKTOWN CASINO			All Detroit Casinos		
	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Gross Receipts	Total State Wagering Tax (12.1%)		
January	\$33,164,130.61	\$2,686,294.58	\$35,019,468.57	\$2,836,576.95	\$25,234,740.60	\$2,044,013.99	\$93,418,339.78	\$7,566,885.52				
February	\$36,213,516.94	\$2,933,294.87	\$37,224,255.46	\$3,015,164.69	\$28,011,187.51	\$2,268,906.19	\$101,448,959.91	\$8,217,365.75				
March	\$38,056,927.36	\$3,082,611.12	\$36,678,617.69	\$2,970,968.03	\$27,081,668.36	\$2,193,615.14	\$101,817,213.41	\$8,247,194.29				
April	\$42,565,080.31	\$3,447,771.51	\$38,155,066.74	\$3,090,560.41	\$31,338,542.42	\$2,538,421.94	\$112,058,689.47	\$9,076,753.85				
May	\$41,179,721.54	\$3,335,557.44	\$39,202,887.35	\$3,175,433.88	\$28,280,670.06	\$2,290,734.27	\$108,663,278.95	\$8,801,725.59				
June	\$33,590,721.92	\$2,720,848.48	\$34,369,225.88	\$2,783,907.30	\$25,476,629.27	\$2,063,606.97	\$93,436,577.07	\$7,588,362.74				
July	\$37,115,573.42	\$3,006,361.45	\$38,634,302.35	\$3,129,378.49	\$27,387,306.15	\$2,218,371.80	\$103,137,181.92	\$8,354,111.74				
August	\$35,568,470.92	\$2,881,046.14	\$36,958,351.13	\$2,993,626.44	\$25,757,196.16	\$2,086,332.89	\$98,284,018.21	\$7,961,005.47				
September*	\$32,601,312.44	\$3,944,758.81	\$33,784,356.27	\$4,087,907.11	\$25,493,993.34	\$3,084,773.19	\$91,879,662.06	\$11,117,439.11				
October	\$33,489,340.23	\$4,052,210.17	\$35,944,840.07	\$4,349,325.65	\$26,442,742.12	\$3,199,571.80	\$95,876,922.42	\$11,601,107.61				
November	\$33,548,680.97	\$4,059,390.40	\$35,182,101.27	\$4,257,034.25	\$24,719,193.14	\$2,991,022.37	\$93,449,975.38	\$11,307,447.02				
December	\$36,175,953.73	\$4,377,290.40	\$34,954,144.82	\$4,229,451.52	\$24,663,519.76	\$2,984,285.89	\$95,793,618.31	\$11,591,027.82				
<b>Total</b>	<b>\$433,269,430.39</b>	<b>\$40,527,435.36</b>	<b>\$436,107,617.60</b>	<b>\$40,919,334.72</b>	<b>\$319,887,388.89</b>	<b>\$29,963,656.44</b>	<b>\$1,189,264,436.88</b>	<b>\$111,410,426.51</b>				

\* Public Act 306 of 2004 went into effect September 1, 2004. This new tax law amends PA 69, the Michigan Gaming Control and Revenue Act, and increases the wagering taxes paid by the three Detroit casinos from 18 percent to 24 percent. The combined wagering tax rate paid to the State of Michigan by the Detroit casinos went from 8.1% to 12.1%. The 6% is divided between the State of Michigan and the City of Detroit. The State Casino Fund is paid an additional 4%, the City of Detroit is paid an additional 2%.

# Detroit Casino Revenues & Wagering Taxes - 2005

Month	MGM GRAND, DETROIT			Calendar Year 2005			GREEKTOWN CASINO			All Detroit Casinos		
	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Gross Receipts	Total State Wagering Tax (12.1%)		
January	\$38,958,376.75	\$4,713,963.59	\$35,896,809.67	\$4,343,513.97	\$25,786,446.28	\$3,120,160.00	\$100,641,632.70	\$12,177,637.56				
February	\$39,569,010.32	\$4,787,850.25	\$36,066,717.72	\$4,364,072.84	\$26,598,968.15	\$3,218,475.15	\$102,234,696.19	\$12,370,398.24				
March	\$40,858,085.97	\$4,943,828.40	\$40,308,616.23	\$4,877,342.56	\$28,109,572.86	\$3,401,258.32	\$106,276,275.06	\$13,222,429.28				
April	\$38,345,124.70	\$4,630,760.09	\$38,476,711.84	\$4,655,924.13	\$26,993,224.06	\$3,266,180.11	\$103,817,060.60	\$12,561,864.33				
May	\$39,462,881.98	\$4,775,008.72	\$36,312,401.88	\$4,393,800.63	\$30,337,966.79	\$3,670,893.98	\$106,113,250.65	\$12,839,703.33				
June	\$33,647,703.42	\$4,071,372.11	\$32,563,706.50	\$3,940,208.49	\$26,401,893.45	\$3,194,629.11	\$92,613,303.37	\$11,206,209.71				
July	\$38,582,864.90	\$4,668,526.65	\$37,314,206.94	\$4,515,019.04	\$31,285,994.92	\$3,785,605.39	\$107,183,066.76	\$12,969,151.08				
August	\$38,900,696.00	\$4,706,984.22	\$35,986,380.84	\$4,354,594.08	\$28,515,413.08	\$3,450,364.98	\$103,404,489.92	\$12,511,943.28				
September	\$35,429,838.05	\$4,287,010.40	\$33,933,523.20	\$4,105,956.31	\$25,283,145.07	\$3,059,260.55	\$94,646,506.32	\$11,452,227.26				
October	\$38,808,210.68	\$4,695,793.49	\$36,318,454.56	\$4,394,533.00	\$28,659,218.83	\$3,467,765.48	\$103,785,884.07	\$12,558,091.97				
November	\$38,258,019.27	\$4,629,220.33	\$33,627,466.92	\$4,068,923.50	\$28,314,520.86	\$3,426,057.02	\$100,200,007.05	\$12,124,200.85				
December	\$39,877,047.85	\$4,825,122.79	\$35,403,665.04	\$4,283,843.47	\$29,347,001.05	\$3,550,987.13	\$104,627,713.94	\$12,659,953.39				
<b>Total</b>	<b>\$460,697,859.89</b>	<b>\$55,744,441.04</b>	<b>\$432,212,661.34</b>	<b>\$52,297,732.02</b>	<b>\$335,633,365.40</b>	<b>\$40,611,637.21</b>	<b>\$1,228,543,886.63</b>	<b>\$148,653,810.27</b>				

# Detroit Casino Revenues & Wagering Taxes - 2006

Calendar Year 2006								
Month	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		All Detroit Casinos	
	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Revenue	State Wagering Tax (12.1%)*	Total Adjusted Gross Receipts	Total State Wagering Tax (12.1%)
January	\$38,774,811.05	\$4,691,752.14	\$37,755,047.98	\$4,568,360.81	\$27,814,929.85	\$3,365,606.51	\$104,344,788.88	\$12,625,719.45
February	\$41,160,376.69	\$4,980,405.58	\$37,979,163.22	\$4,595,478.75	\$29,971,114.97	\$3,626,504.91	\$109,110,654.88	\$13,202,389.24
March	\$41,491,719.32	\$5,020,498.04	\$40,939,645.43	\$4,953,697.10	\$32,215,130.56	\$3,898,030.80	\$114,646,495.31	\$13,872,225.93
April	\$41,504,985.21	\$5,022,103.21	\$36,824,790.82	\$4,455,799.69	\$27,632,204.50	\$3,343,496.74	\$105,961,980.53	\$12,821,399.64
May	\$39,218,226.27	\$4,745,405.38	\$38,143,626.11	\$4,615,378.76	\$29,958,489.80	\$3,624,977.27	\$107,320,342.18	\$12,985,761.40
June	\$40,735,940.50	\$4,929,048.80	\$38,415,572.47	\$4,648,284.27	\$27,069,221.57	\$3,275,375.81	\$106,220,734.54	\$12,852,708.88
July	\$40,447,175.20	\$4,894,108.20	\$40,668,778.66	\$4,920,922.22	\$28,956,884.11	\$3,503,782.98	\$110,072,837.97	\$13,318,813.39
August	\$41,516,202.18	\$5,023,460.46	\$38,906,972.15	\$4,707,743.63	\$28,247,544.08	\$3,417,952.83	\$108,670,718.41	\$13,149,156.93
September	\$41,646,712.95	\$5,039,252.27	\$38,893,739.65	\$4,706,142.50	\$29,297,276.67	\$3,544,970.48	\$109,837,729.27	\$13,290,365.24
October	\$39,650,357.26	\$4,797,693.23	\$37,334,441.41	\$4,517,467.41	\$25,895,109.77	\$3,133,308.28	\$102,879,908.44	\$12,448,488.92
November	\$40,747,283.03	\$4,930,421.25	\$39,775,896.44	\$4,812,893.47	\$27,759,222.50	\$3,358,865.92	\$108,282,401.97	\$13,102,170.64
December	\$42,742,177.98	\$5,171,803.54	\$43,015,436.69	\$5,204,867.84	\$30,196,616.22	\$3,653,790.56	\$115,954,230.89	\$14,030,461.94
Total	\$489,635,967.64	\$59,245,952.08	\$468,653,111.03	\$56,707,026.43	\$345,013,744.60	\$41,746,663.10	\$1,303,302,823.27	\$157,699,641.62

**Calendar Year 2007**

Month	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		All Detroit Casinos	
	Total Adjusted Revenue	State Wagering Tax (12.10%)	Total Adjusted Revenue	State Wagering Tax (12.10%)	Total Adjusted Revenue	State Wagering Tax (12.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax (12.10%)
January	\$40,503,320.38	\$4,900,901.77	\$40,452,401.96	\$4,894,740.64	\$28,439,733.74	\$3,441,207.78	\$109,395,456.08	\$13,236,850.19
February	\$36,771,280.82	\$4,449,324.98	\$39,208,228.16	\$4,744,195.61	\$28,998,669.02	\$3,508,838.95	\$104,978,178.00	\$12,702,359.54
March	\$47,402,120.22	\$5,735,656.55	\$42,894,972.21	\$5,190,291.64	\$33,427,503.33	\$4,044,727.90	\$123,724,595.76	\$14,970,676.09
April	\$41,040,958.48	\$4,965,955.98	\$39,345,925.30	\$4,760,856.96	\$30,060,692.80	\$3,637,343.83	\$110,447,576.58	\$13,364,156.77
May	\$41,417,910.37	\$5,011,567.15	\$36,787,442.36	\$4,451,280.53	\$27,394,026.36	\$3,314,677.19	\$105,599,379.09	\$12,777,524.87
June	\$38,562,158.58	\$4,666,021.19	\$42,333,206.56	\$5,122,317.99	\$28,490,060.73	\$3,447,297.35	\$109,385,425.87	\$13,235,636.53
July	\$41,334,381.05	\$5,001,460.11	\$42,676,452.96	\$5,163,850.81	\$29,281,394.59	\$3,543,048.75	\$113,292,228.60	\$13,708,359.66
August	\$42,750,887.02	\$5,172,857.33	\$41,091,884.90	\$4,972,118.07	\$27,795,698.55	\$3,363,279.52	\$111,638,470.47	\$13,508,254.93
September	\$35,279,291.62	\$4,268,794.29	\$39,884,824.57	\$4,826,063.77	\$26,308,063.80	\$3,183,275.72	\$101,472,179.99	\$12,278,133.78
October	\$54,888,849.43	\$6,641,550.78	\$37,709,923.79	\$4,562,900.78	\$25,633,602.69	\$3,101,665.93	\$118,232,375.91	\$14,306,117.49
November	\$46,783,708.09	\$5,660,828.68	\$38,306,560.95	\$4,635,093.87	\$28,115,302.02	\$3,401,951.54	\$113,205,571.06	\$13,697,874.10
December	\$46,746,114.32	\$1,441,040.17	\$39,522,591.73	\$4,782,233.60	\$27,375,747.95	\$3,312,465.50	\$113,644,454.00	\$9,535,739.27
Total	\$513,480,980.38	\$57,915,958.96	\$480,214,415.45	\$58,105,944.27	\$341,320,495.58	\$41,299,779.97	\$1,335,015,891.41	\$157,321,683.20

# Calendar Year 2008

Month	MGM GRAND DETROIT			MOTORCITY CASINO			GREEKTOWN CASINO			All Detroit Casinos		
	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	Total Adjusted Revenue	State Wagering Tax (12.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax	Total State Wagering Tax	Total State Wagering Tax
January	\$46,637,248.81	\$2,103,260.75	\$39,366,692.84	\$39,366,692.84	\$4,763,369.83	\$27,534,937.58	\$27,534,937.58	\$3,331,727.45	\$113,538,879.23	\$10,198,358.03	\$10,198,358.03	\$10,198,358.03
February	\$47,021,788.41	\$3,808,764.86	\$38,326,971.88	\$38,326,971.88	\$4,637,563.60	\$26,999,351.20	\$26,999,351.20	\$3,266,921.50	\$112,348,111.49	\$11,713,249.95	\$11,713,249.95	\$11,713,249.95
March	\$50,217,833.17	\$4,067,644.49	\$41,307,354.29	\$41,307,354.29	\$1,489,138.28	\$32,230,050.35	\$32,230,050.35	\$3,899,836.09	\$123,755,237.81	\$9,456,618.86	\$9,456,618.86	\$9,456,618.86
April	\$46,864,254.06	\$3,796,004.58	\$40,703,507.79	\$40,703,507.79	\$1,982,866.29	\$28,572,470.64	\$28,572,470.64	\$3,457,268.95	\$116,140,232.49	\$9,236,139.82	\$9,236,139.82	\$9,236,139.82
May	\$52,973,612.49	\$4,290,862.61	\$41,948,166.18	\$41,948,166.18	\$3,397,801.46	\$28,131,129.20	\$28,131,129.20	\$3,403,866.63	\$123,052,907.87	\$11,092,530.71	\$11,092,530.71	\$11,092,530.71
June	\$48,671,864.67	\$3,942,421.04	\$38,097,328.05	\$38,097,328.05	\$3,085,883.57	\$23,227,140.19	\$23,227,140.19	\$2,810,483.96	\$109,996,332.91	\$9,838,788.57	\$9,838,788.57	\$9,838,788.57
July	\$50,536,188.66	\$4,093,431.28	\$39,579,086.48	\$39,579,086.48	\$3,205,906.00	\$25,423,936.01	\$25,423,936.01	\$3,076,296.26	\$115,539,211.15	\$10,375,633.54	\$10,375,633.54	\$10,375,633.54
August	\$50,078,510.07	\$4,056,359.32	\$41,065,015.38	\$41,065,015.38	\$3,326,266.25	\$26,823,123.82	\$26,823,123.82	\$3,245,597.98	\$117,966,649.27	\$10,628,223.54	\$10,628,223.54	\$10,628,223.54
September	\$44,797,062.83	\$3,628,561.28	\$36,110,657.12	\$36,110,657.12	\$2,924,963.23	\$25,216,180.44	\$25,216,180.44	\$3,051,157.83	\$106,123,890.39	\$9,604,682.34	\$9,604,682.34	\$9,604,682.34
October	\$48,411,365.36	\$3,921,320.59	\$37,899,452.25	\$37,899,452.25	\$3,069,855.63	\$24,743,552.30	\$24,743,552.30	\$2,993,969.83	\$111,054,369.91	\$9,985,146.06	\$9,985,146.06	\$9,985,146.06
November	\$46,506,373.00	\$3,767,016.21	\$35,603,573.52	\$35,603,573.52	\$2,883,889.46	\$23,514,418.38	\$23,514,418.38	\$2,845,244.62	\$105,624,364.90	\$9,496,150.29	\$9,496,150.29	\$9,496,150.29
December	\$45,590,856.65	\$3,692,859.39	\$34,970,899.50	\$34,970,899.50	\$2,832,642.86	\$23,882,692.09	\$23,882,692.09	\$2,889,805.74	\$104,444,448.24	\$9,415,307.99	\$9,415,307.99	\$9,415,307.99
Total	\$578,306,948.18	\$45,168,506.40	\$464,978,705.28	\$464,978,705.28	\$37,600,146.46	\$316,298,982.20	\$316,298,982.20	\$38,272,176.85	\$1,359,584,635.67	\$121,040,829.70	\$121,040,829.70	\$121,040,829.70

**Calendar Year 2009**

Month	MGM GRAND DETROIT			MOTORCITY CASINO			GREEKTOWN CASINO			All Detroit Casinos		
	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (12.10%)	Total Adjusted Revenue	State Wagering Tax (12.10%)	Total Adjusted Gross Receipts	Total State Wagering Tax	Total State Wagering Tax	Total State Wagering Tax
January	\$45,760,680.48	\$3,706,615.12	\$36,824,138.17	\$2,982,755.19	\$24,331,489.11	\$2,944,110.18	\$106,916,307.76	\$9,633,480.49	\$106,916,307.76	\$9,633,480.49	\$10,574,212.18	\$10,574,212.18
February	\$49,452,574.79	\$4,005,658.56	\$40,001,069.14	\$3,240,086.60	\$27,507,991.91	\$3,328,467.02	\$116,961,635.84	\$10,921,009.58	\$116,961,635.84	\$10,921,009.58	\$10,165,298.35	\$10,165,298.35
March	\$48,417,844.13	\$3,921,845.37	\$41,632,619.57	\$3,372,242.19	\$29,974,562.14	\$3,626,922.02	\$111,379,057.92	\$10,750,187.72	\$120,025,025.84	\$10,750,187.72	\$10,023,669.85	\$10,023,669.85
April	\$44,249,852.45	\$3,584,238.05	\$38,539,338.93	\$3,121,686.45	\$28,589,866.54	\$3,459,373.85	\$109,502,576.14	\$10,609,744.97	\$111,379,057.92	\$10,609,744.97	\$10,273,269.32	\$10,273,269.32
May	\$47,216,927.68	\$3,824,571.14	\$40,457,965.75	\$3,277,095.23	\$30,153,069.06	\$3,648,521.36	\$117,827,982.49	\$10,098,588.99	\$117,827,982.49	\$10,098,588.99	\$9,746,718.98	\$9,746,718.98
June	\$43,772,027.46	\$3,545,534.22	\$36,881,519.22	\$2,987,403.06	\$28,849,029.46	\$3,490,732.56	\$109,502,576.14	\$10,023,669.85	\$109,502,576.14	\$10,023,669.85	\$10,023,669.85	\$10,023,669.85
July	\$47,805,123.70	\$3,872,215.02	\$35,770,492.65	\$2,897,409.90	\$31,736,529.31	\$3,840,120.05	\$115,312,145.66	\$10,609,744.97	\$115,312,145.66	\$10,609,744.97	\$10,273,269.32	\$10,273,269.32
August	\$44,169,556.35	\$3,577,734.06	\$36,926,854.50	\$2,991,075.21	\$30,615,372.25	\$3,704,460.04	\$111,711,783.10	\$9,515,957.73	\$111,711,783.10	\$9,515,957.73	\$9,515,957.73	\$9,515,957.73
September	\$41,894,202.01	\$3,393,430.36	\$33,465,389.73	\$2,710,696.57	\$28,196,948.76	\$3,411,830.80	\$103,556,540.50	\$9,098,588.99	\$103,556,540.50	\$9,098,588.99	\$9,098,588.99	\$9,098,588.99
October	\$44,911,699.01	\$3,637,847.62	\$35,992,326.21	\$2,915,378.42	\$29,300,520.26	\$3,545,362.95	\$110,204,545.48	\$9,746,718.98	\$110,204,545.48	\$9,746,718.98	\$9,746,718.98	\$9,746,718.98
November	\$42,881,772.84	\$3,473,423.60	\$34,959,624.71	\$2,831,729.60	\$28,442,692.42	\$3,441,565.78	\$106,284,089.97	\$10,026,491.08	\$106,284,089.97	\$10,026,491.08	\$10,026,491.08	\$10,026,491.08
December	\$47,100,645.71	\$3,815,152.30	\$34,374,824.43	\$2,784,360.78	\$28,322,132.20	\$3,426,978.00	\$109,797,802.34	\$122,338,629.25	\$109,797,802.34	\$122,338,629.25	\$122,338,629.25	\$122,338,629.25
<b>Total</b>	<b>\$547,632,906.61</b>	<b>\$44,358,265.44</b>	<b>\$445,826,163.01</b>	<b>\$36,111,919.20</b>	<b>\$345,020,203.42</b>	<b>\$41,868,444.61</b>	<b>\$1,339,479,273.04</b>	<b>\$122,338,629.25</b>	<b>\$1,339,479,273.04</b>	<b>\$122,338,629.25</b>	<b>\$122,338,629.25</b>	<b>\$122,338,629.25</b>



Calendar Year 2010									
Month	MGM GRAND DETROIT		MOTORCITY CASINO		GREEKTOWN CASINO		All Detroit Casinos		
	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (8.10%)	Total Adjusted Revenue	State Wagering Tax (12.10%) & (8.1%)	Total Adjusted Gross Receipts	Total State Wagering Tax	
January	\$47,468,319.04	\$3,844,933.84	\$35,923,997.65	\$2,909,843.81	\$28,023,801.65	\$3,390,880.00	\$111,416,118.34	\$10,145,657.65	
February	\$48,622,651.56	\$3,938,434.78	\$36,511,115.12	\$2,957,400.32	\$29,809,377.11	\$3,606,934.83	\$114,943,143.79	\$10,502,769.73	
March	\$52,548,328.50	\$4,256,414.61	\$41,234,840.59	\$3,340,022.09	\$33,481,265.74	\$999,029.25	\$127,264,434.83	\$8,595,465.95	
April	\$49,605,147.69	\$4,018,016.96	\$37,322,007.23	\$3,023,082.59	\$31,981,992.16	\$0.00	\$118,909,147.08	\$7,041,099.55	
May							\$0.00	\$0.00	
June							\$0.00	\$0.00	
July							\$0.00	\$0.00	
August							\$0.00	\$0.00	
September							\$0.00	\$0.00	
October							\$0.00	\$0.00	
November							\$0.00	\$0.00	
December							\$0.00	\$0.00	
Total	\$198,244,446.79	\$16,057,800.19	\$150,991,960.59	\$12,230,348.81	\$123,296,436.66	\$7,996,843.88	\$472,532,844.04	\$36,284,992.88	



Act No. 164

Public Acts of 2004

Approved by the Governor

June 24, 2004

Filed with the Secretary of State

June 24, 2004

EFFECTIVE DATE: June 24, 2004

STATE OF MICHIGAN

92ND LEGISLATURE

REGULAR SESSION OF 2004

Introduced by Rep. Julian

## ENROLLED HOUSE BILL No. 5632

AN ACT to amend 1993 PA 327, entitled "An act to provide for a tax upon the sale and distribution of tobacco products; to regulate and license manufacturers, wholesalers, secondary wholesalers, vending machine operators, unclassified acquirers, transportation companies, transporters, and retailers of tobacco products; to prescribe the powers and duties of the revenue division and the department of treasury in regard to tobacco products; to provide for the administration, collection, and disposition of the tax; to levy an assessment; to provide for the administration, collection, defense, and disposition of the assessment; to provide for the enforcement of this act; to provide for the appointment of special investigators as peace officers for the enforcement of this act; to prescribe penalties and provide remedies for the violation of this act; and to repeal acts and parts of acts," by amending sections 7 and 12 (MCL 205.427 and 205.432), as amended by 2002 PA 503.

The People of the State of Michigan enact:

Sec. 7. (1) Beginning May 1, 1994, a tax is levied on the sale of tobacco products sold in this state as follows:

- (a) Through July 31, 2002, for cigars, noncigarette smoking tobacco, and smokeless tobacco, 16% of the wholesale price.
- (b) For cigarettes, 37.5 mills per cigarette.
- (c) Beginning August 1, 2002, for cigarettes, in addition to the tax levied in subdivision (b), an additional 15 mills per cigarette.
- (d) Beginning August 1, 2002, for cigarettes, in addition to the tax levied in subdivisions (b) and (c), an additional 10mills per cigarette.
- (e) Beginning July 1, 2004, for cigarettes, in addition to the tax levied in subdivisions (b), (c), and (d), an additional 37.5 mills per cigarette.

(f) Beginning August 1, 2002 and through June 30, 2004, for cigars, noncigarette smoking tobacco, and smokeless tobacco, 20% of the wholesale price.

(g) Beginning July 1, 2004, for cigars, noncigarette smoking tobacco, and smokeless tobacco, 32% of the wholesale price.

(2) On or before the twentieth day of each calendar month, every licensee under section 3 other than a retailer, secondary wholesaler, unclassified acquirer licensed as a manufacturer, or vending machine operator shall file a return with the department stating the wholesale price of each tobacco product other than cigarettes purchased, the quantity of cigarettes purchased, the wholesale price charged for all tobacco products other than cigarettes sold, the number of individual packages of cigarettes and the number of cigarettes in those individual packages, and the number and denominations of stamps affixed to individual packages of cigarettes sold by the licensee for each place of business in the preceding calendar month. The return shall also include the number and denomination of unaffixed stamps in the possession of the licensee at the end of the preceding calendar month. Wholesalers shall also report accurate inventories of cigarettes, both stamped and unstamped at the end of the preceding calendar month. Wholesalers and unclassified acquirers shall also report accurate inventories of affixed and unaffixed stamps by denomination at the beginning and end of each calendar month and all stamps acquired during the preceding calendar month. The return shall be signed under penalty of perjury. The return shall be on a form prescribed by the department and shall contain or be accompanied by any further information the department requires.

(3) To cover the cost of expenses incurred in the administration of this act, at the time of the filing of the return, the licensee shall pay to the department the tax levied in subsection (1) for tobacco products sold during the calendar month covered by the return, less compensation equal to both of the following:

(a) One percent of the total amount of the tax due on tobacco products sold other than cigarettes.

(b) Through July 31, 2002, 1.25% of the total amount of the tax due on cigarettes sold.

(c) Beginning August 1, 2002, 1.5% of the total amount of the tax due on cigarettes sold.

(4) Every licensee and retailer who, on August 1, 2002, has on hand for sale any cigarettes upon which a tax has been paid pursuant to subsection (1)(b) shall file a complete inventory of those cigarettes before September 1, 2002 and shall pay to the department at the time of filing this inventory a tax equal to the difference between the tax imposed in subsection (1)(b), (c), and (d) and the tax that has been paid under subsection (1)(b). Every licensee and retailer who, on August 1, 2002, has on hand for sale any cigars, noncigarette smoking tobacco, or smokeless tobacco upon which a tax has been paid pursuant to subsection (1)(a) shall file a complete inventory of those cigars, noncigarette smoking tobacco, and smokeless tobacco before September 1, 2002 and shall pay to the department at the time of filing this inventory a tax equal to the difference between the tax imposed in subsection (1)(f) and the tax that has been paid under subsection(1)(a).

(5) Every licensee and retailer who, on July 1, 2004, has on hand for sale any cigarettes upon which a tax has been paid pursuant to subsection (1)(b), (c), and (d) shall file a complete inventory of those cigarettes before August 1, 2004 and shall pay to the department at the time of filing this inventory a tax equal to the difference between the tax imposed in subsection (1)(b), (c), (d), and (e) and the tax that has been paid under subsection (1)(b), (c), and (d). Every licensee and retailer who, on July 1, 2004, has on hand for sale any cigars, noncigarette smoking tobacco, or smokeless tobacco upon which a tax has been paid pursuant to subsection (1)(f) shall file a complete inventory of those cigars, noncigarette smoking tobacco, and smokeless tobacco before August 1, 2004 and shall pay to the department at the time of filing this inventory a tax equal to the difference between the tax imposed in subsection (1)(g) and the tax that has been paid under subsection (1)(f). The proceeds derived under this subsection shall be credited to the medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(6) The department may require the payment of the tax imposed by this act upon the importation or acquisition of a tobacco product. A tobacco product for which the tax under this act has once been imposed and that has not been refunded if paid is not subject upon a subsequent sale to the tax imposed by this act.

(7) An abatement or refund of the tax provided by this act may be made by the department for causes the department considers expedient. The department shall certify the amount and the state treasurer shall pay that amount out of the proceeds of the tax.

(8) A person liable for the tax may reimburse itself by adding to the price of the tobacco products an amount equal to the tax levied under this act.

(9) A wholesaler, unclassified acquirer, or other person shall not sell or transfer any unaffixed stamps acquired by the wholesaler or unclassified acquirer from the department. A wholesaler or unclassified acquirer who has any unaffixed stamps on hand at the time its license is revoked or expires, or at the time it discontinues the business of selling cigarettes, shall return those stamps to the department. The department shall refund the value of the stamps, less the appropriate discount paid.

(10) If the wholesaler or unclassified acquirer has unsalable packs returned from a retailer, secondary wholesaler, vending machine operator, wholesaler, or unclassified acquirer with stamps affixed, the department shall refund the amount of the tax less the appropriate discount paid. If the wholesaler or unclassified acquirer has unaffixed unsalable stamps, the department shall exchange with the wholesaler or unclassified acquirer new stamps in the same quantity as the unaffixed unsalable stamps. An application for refund of the tax shall be filed on a form prescribed by the department for that purpose, within 4 years from the date the stamps were originally acquired from the department. A wholesaler or unclassified acquirer shall make available for inspection by the department the unused or spoiled stamps and the stamps affixed to unsalable individual packages of cigarettes. The department may, at its own discretion, witness and certify the destruction of the unused or spoiled stamps and unsalable individual packages of cigarettes that are not returnable to the manufacturer. The wholesaler or unclassified acquirer shall provide certification from the manufacturer for any unsalable individual packages of cigarettes that are returned to the manufacturer.

(11) On or before the twentieth of each month, each manufacturer shall file a report with the department listing all sales of tobacco products to wholesalers and unclassified acquirers during the preceding calendar month and any other information the department finds necessary for the administration of this act. This report shall be in the form and manner specified by the department.

(12) Each wholesaler or unclassified acquirer shall submit to the department an unstamped cigarette sales report on or before the twentieth day of each month covering the sale, delivery, or distribution of unstamped cigarettes during the preceding calendar month to points outside of Michigan. A separate schedule shall be filed for each state, country, or province into which shipments are made. For purposes of the report described in this subsection, "unstamped cigarettes" means individual packages of cigarettes that do not bear a Michigan stamp. The department may provide the information contained in this report to a proper officer of another state, country, or province reciprocating in this privilege.

Sec. 12. (1) The proceeds derived from the payment of taxes, fees, and penalties provided for under this act and the license fees received by the department shall be deposited with the state treasurer and disbursed only as provided in this section and section 7(5).

(2) The tax imposed under section 7(1)(a) shall be disbursed as follows:

(a) 94% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(b) 6% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described in this subdivision that are used for smoking prevention programs shall be used by the department of community health to expand the free smokers quit kit program to include the nicotine patch or nicotine gum.

(3) The tax imposed on cigarettes under section 7(1)(b) shall be disbursed as follows:

(a) Beginning May 1, 1994 and through June 30, 2004, 5.3% of the proceeds shall be credited to the health and safety fund created in the health and safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

(b) Beginning July 1, 2004, 6.5% of the proceeds shall be credited to the health and safety fund created in the health and safety fund act, 1987 PA 264, MCL 141.471 to 141.479.

(c) Through June 30, 2004, 25.3% of the proceeds shall be credited to the general fund of this state.

(d) Beginning July 1, 2004, 24.1% of the proceeds shall be credited to the general fund of this state.

(e) 63.4% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(f) 6% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described in this subdivision that are used for smoking prevention programs shall be used by the department of community health to expand the free smokers quit kit program to include the nicotine patch or nicotine gum.

(4) Beginning August 1, 2002, the tax imposed on cigarettes under section 7(1)(c) shall be disbursed as follows:

(a) Through June 30, 2004, 74.2%, and beginning July 1, 2004, 9.0% of the proceeds shall be credited to the general fund of this state.

(b) Through June 30, 2004, 4.6%, and beginning July 1, 2004, 56.3% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(c) 6.0% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described in this subdivision that are used for smoking prevention programs shall be used by the department of community health to expand the free smokers quit kit program to include the nicotine patch or nicotine gum.

(d) Through June 30, 2004, 3.0%, and beginning July 1, 2004, 3.7% of the proceeds shall be paid to counties with a 2000 population of more than 2,000,000, to be used only for indigent health care.

(e) Through June 30, 2004, 12.2%, and beginning July 1, 2004, 25.0% of the proceeds shall be credited to the medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(5) Beginning August 1, 2002, the tax imposed under section 7(1)(f) shall be disbursed as follows:

(a) 75.6% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(b) 6.0% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described in this subdivision that are used for smoking prevention programs shall be used by the department of community health to expand the free smokers quit kit program to include the nicotine patch or nicotine gum.

(c) 18.4% of the proceeds shall be credited to the general fund of this state.

(6) Beginning August 1, 2002, the tax imposed on cigarettes under section 7(1)(d) shall be disbursed as follows:

(a) 94.0% of the proceeds shall be credited to the state school aid fund established by section 11 of article IX of the state constitution of 1963.

(b) 6.0% of the proceeds shall be credited to the healthy Michigan fund created under section 5953 of the public health code, 1978 PA 368, MCL 333.5953. Fifty percent of the proceeds described in this subdivision that are used for smoking prevention programs shall be used by the department of community health to expand the free smokers quit kit program to include the nicotine patch or nicotine gum.

(7) Beginning July 1, 2004, the tax imposed on cigarettes under section 7(1)(e) shall be disbursed as follows:

(a) Beginning July 1, 2004 and through September 30, 2005, 100% of the proceeds shall be credited to the Michigan medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(b) Beginning October 1, 2005, 75.0% of the proceeds shall be credited to the medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(c) Beginning October 1, 2005, 25.0% of the proceeds shall be credited to the general fund of this state.

(8) Beginning July 1, 2004, the tax imposed under section 7(1)(g) shall be disbursed as follows:

(a) Beginning July 1, 2004 and through September 30, 2005, 100% of the proceeds shall be credited to the Michigan medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(b) Beginning October 1, 2005, 75.0% of the proceeds shall be credited to the medicaid benefits trust fund created under section 5 of the Michigan trust fund act, 2000 PA 489, MCL 12.255.

(c) Beginning October 1, 2005, 25.0% of the proceeds shall be credited to the general fund of this state.

(9) The proceeds of the fees and penalties provided for in this act shall be used for the administration of this act.

This act is ordered to take immediate effect.

Clerk of the House of Representatives

Secretary of the Senate

Approved

Governor

Act No. 306

Public Acts of 2004

Approved by the Governor

August 17, 2004

Filed with the Secretary of State

August 17, 2004

EFFECTIVE DATE: September 1, 2004

STATE OF MICHIGAN

92ND LEGISLATURE

REGULAR SESSION OF 2004

Introduced by Reps. Brown and Julian

## ENROLLED HOUSE BILL No. 4612

AN ACT to amend the Initiated Law of 1996, entitled "An act to provide for the licensing, regulation, and control of casino gaming operations, manufacturers and distributors of gaming devices and gaming related equipment and supplies, and persons who participate in gaming; to provide the distribution of revenue for public education, public safety and economic development; authorizing limited casino operations within the state of Michigan; to vest authority for the licensing, regulation, and control of casino gaming in the Michigan gaming control board; to restrict certain political contributions; to establish a code of ethics for certain persons involved in gaming; to create certain funds; to impose and authorize certain taxes and fees; to impose penalties; to authorize conservators under certain circumstances; and to make an appropriation," by amending section 12 (MCL 432.212), as amended by 1997 PA 69.

The People of the State of Michigan enact:

Sec. 12. (1) A wagering tax is imposed on the adjusted gross receipts received by the licensee from gaming authorized under this act at the rate of 18%. If a city exercises either of the options in subsection (4), the tax rate under this subsection shall be 8.1% and deposited in the state school aid fund to provide additional funds for K-12 classroom education. If the city rescinds or is otherwise unable to exercise 1 of the options in subsection (4), the tax rate under this subsection shall be 18%. A tax rate of 18% imposed under this subsection shall cover any period for which the city does not or is unable to exercise 1 of the options in subsection (4).

(2) The state casino gaming fund is created in the department of treasury. The fund shall be administered by the department in accordance with this act. Except as provided in sections 12a and 13, the taxes imposed under this section plus all other fees, fines, and charges imposed by the state shall be deposited into the state casino gaming fund. The wagering tax is to be remitted daily by the holder of a casino license to the department of treasury by electronic wire transfer of funds. The state shall remit the city's portion of the wagering tax to the city daily by electronic wire transfer of funds as provided by this act.

(3) If the state imposes a wagering tax under subsection (1) equal to 18% of adjusted gross receipts, money in the state casino gaming fund that is not from a tax imposed under subsections (5) to (8) shall be allocated as follows:

(a) 55% to the city in which a casino is located for use in connection with the following:



- (i) The hiring, training, and deployment of street patrol officers.
  - (ii) Neighborhood and downtown economic development programs designed to create local jobs.
  - (iii) Public safety programs such as emergency medical services, fire department programs, and street lighting.
  - (iv) Anti-gang and youth development programs.
  - (v) Other programs that are designed to contribute to the improvement of the quality of life in the city.
  - (vi) Relief to the taxpayers of the city from 1 or more taxes or fees imposed by the city.
  - (vii) The costs of capital improvements.
  - (viii) Road repairs and improvements.
- (b) 45% to the state to be deposited in the state school aid fund to provide additional funds for K-12 classroom education.
- (4) A city in which a licensee is located may do 1 of the following:
- (a) In the development agreement into which the city is entitled to enter, include a provision that requires the licensee located in the city to pay the city a payment equal to 9.9% of the adjusted gross receipts received by the licensee from gaming authorized under this act.
  - (b) By ordinance, levy, assess, and collect an excise tax upon licensees located in the city at a rate of 9.9% of the adjusted gross receipts received by the licensee from gaming authorized under this act.
- (5) Subject to subsections (6) to (8), a wagering tax in addition to the tax imposed in subsection (1) is imposed on the adjusted gross receipts received by a licensee from gaming authorized under this act at the rate of 6%. Money from the tax imposed under this subsection that has been deposited in the state casino gaming fund shall be allocated 1/3 to the city in which the licensee's casino is located for use in connection with the purposes listed in subsection (3)(a), 7/12 to the general fund, and 1/12 to the Michigan agriculture equine industry development fund. The city may collect its share of the tax under this subsection directly using 1 of the methods in subsection (4). For a period during which the licensee is paying the city's share of the tax under this subsection directly to the city under either of the methods in subsection (4), the payment to the state casino gaming fund under this subsection shall be 4% and shall be allocated 7/8 to the general fund and 1/8 to the Michigan agriculture equine industry development fund.
- (6) Subject to subsections (7) and (8), and unless an act of God, a war, a disaster, or an act of terrorism directly and substantially impacts the ability of the licensee to complete construction of its casino and casino enterprise, if a casino licensee is not fully operational by each of the following dates, the tax on the licensee under subsection (5) shall be as follows:
- (a) July 1, 2009, 7%, allocated 1/2 to the general fund, 1/14 to the Michigan agriculture equine industry development fund, and 3/7 to the city in which the licensee's casino is located.
  - (b) July 1, 2010, 8%, allocated 7/16 to the general fund, 1/16 to the Michigan agriculture equine industry development fund, and 1/2 to the city in which the licensee's casino is located.
  - (c) July 1, 2011, 9%, allocated 7/18 to the general fund, 1/18 to the Michigan agriculture equine industry development fund, and 5/9 to the city in which the licensee's casino is located.
- (7) Subject to subsection (8), and irrespective of whether there has been an increase under subsection (6), after a casino licensee has been fully operational for 30 consecutive days, the licensee may apply to the board for certification under this

subsection. If the board determines that a licensee that makes an application under this subsection has been fully operational and in compliance with its development agreement that is in existence on July 1, 2004 or a subsequent original development agreement, for at least 30 consecutive days, the board shall certify the licensee under this subsection, and the tax imposed on the licensee under subsection (5), as adjusted, if applicable, by subsection (6), shall be, retroactive to the first day of the 30 consecutive day period that the licensee was fully operational, reduced to 1% and shall be allocated entirely to the city where the licensee operates its casino.

(8) If the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, is amended to allow the operation of video lottery at horse racetracks in this state, and if video lottery is being conducted at horse racetracks in this state, the licensee is no longer obligated to pay the wagering tax under subsections (5) to (7).

(9) Notwithstanding section 9b, if the McCauley-Traxler-Law-Bowman-McNeely lottery act, 1972 PA 239, MCL 432.1 to 432.47, is amended to allow the operation of video lottery at horse racetracks in this state, and if video lottery is being conducted at horse racetracks in this state, a casino licensee may, after obtaining approval from the board, apply to the racing commissioner for authorization to simulcast horse races under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336. A casino licensee that is authorized under this subsection shall display and allow wagering on simulcast horse races only at the licensee's casino and shall comply with all applicable provisions of the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336, rules promulgated under that act, and the written permit to conduct simulcasting and any related order issued to the licensee by the racing commissioner. Simulcasting and wagering under this subsection are under the primary control of the racing commissioner, and the racing commissioner may revoke or suspend the authorization of or take other disciplinary action against the licensee for failing to comply with a law, rule, permit, or order as required by this subsection. However, the simulcasting and wagering under this subsection is part of the licensee's casino operation under this act and subject to the same control by the board as are other parts of the licensee's casino operation. The board may take disciplinary action under section 4a against a casino licensee for failure to comply with a law, rule, permit, or order as required by this subsection.

(10) A casino licensee is entitled to the same commission from money wagered on horse races simulcast by the licensee as a race meeting licensee is entitled to receive from wagering on simulcast horse races under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336. The same taxes, fees, and other deductions shall be subtracted and paid from the licensee's commission as are subtracted and paid from a race meeting licensee's commission under the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

(11) Payments to a city under 1 of the methods in subsection (4) shall be made in a manner, at those times, and subject to reporting requirements and penalties and interest for delinquent payment as may be provided for in the development agreement if the payment is required under a development agreement, or by ordinance if the payment is required for a tax levied by the city. Payments required under the method described in subsection (4)(a) may be in addition to any other payments which may be required in the development agreement for the conveyance of any interest in property, the purchase of services, or the reimbursement of expenses. Payments to a city under the method described in subsection (4) shall be used by the city for the purposes listed in subsection (3)(a).

(12) Approval by the city of a development agreement or adoption of an ordinance approving either casino gaming or the levy of a local excise tax does not constitute the granting of a franchise or license by the city for purposes of any statutory, charter, or constitutional provision.

(13) The taxes imposed under this section and any tax imposed under section 13(2) shall be administered by the department of treasury in accordance with 1941 PA 122, MCL 205.1 to 205.31, and this act. In case of conflict between the provisions of 1941 PA 122, MCL 205.1 to 205.31, and this act, the provisions of this act prevail.

(14) Funds from this act shall not be used to supplant existing state appropriations or local expenditures.

(15) As used in this section:

(a) "Fully operational" means that a certificate of occupancy has been issued to the casino licensee for the operation of a hotel with not fewer than 400 guest rooms and, after issuance of the certificate of occupancy, the casino licensee's casino, casino enterprise, and 400-guest-room hotel have been opened and made available for public use at their permanent location and maintained in that status.

(b) "Michigan agriculture equine industry development fund" means the Michigan agriculture equine industry development fund created in section 20 of the horse racing law of 1995, 1995 PA 279, MCL 431.320.

Enacting section 1. This amendatory act takes effect September 1, 2004.

This act is ordered to take immediate effect.

Clerk of the House of Representatives

Secretary of the Senate

Approved

Governor

